From: Andrea Dalgarno
To: Sarah Harris
Subject: (Draft Response) OFA Loan Update as at May 5, 2017
Date: Wednesday, May 17, 2017 11:16:16 AM
Attachments: OFA Loan OICs 05-May-17.xlsx

Sarah,

Draft email is as follows- not sure if you want to attach current rendition of the May 5 , 2017 spreadsheet but assumed yes at this point.

Hi Mara,

Documentation assists in obtaining OFA lending OIC's. However, Documentation does not originate the loans/loan agreements and is reliant on Corporate Finance for the provision and verification of borrowing activity under such OIC's in order to ensure that lending activity is captured in OIC tables and the OFA does not exceed the borrowing authority under the applicable OIC's. A such, we propose sending the spreadsheet on a monthly basis for Corporate Finance to confirm. We will need to clarify the impact of capitalized interest and how it is determined as it seems unclear (the source and impact on amounts allocated under the OICs) based on past reporting. We have not specified Capitalized Interest or Repayments at this point. Note that we have made changes to the spreadsheet since we initially sent it to Corporate Finance on May 8, 2017. The current iteration is attached for consideration then further discussion to ensure consensus.

It is our understanding that Corporate Finance, with the assistance of OFA legal, prepares an annual lending directive which includes an estimate of the approved annual OFA lending. During the course of this process, OFA legal confirms with Corporate Finance whether there is sufficient authority under existing OIC's or whether a new OFA lending OIC must be sought.

In the past, Accounting has not provided/verified the loan information as it impacts OIC tables. With the implementation of OLMS, we are aware that information flows/inputs may have been affected. In the event that the introduction of OLMS means existing processes need to change, Corporate Finance and Documentation will need to coordinate with Accounting on the best approach.

Regards,
Sarah Harris
Manager Operations
Capital Markets Operations

Let me know your thoughts…

Regards,

Andrea

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From: Mara Bakic
Sent: Thursday, May 11, 2017 4:21 PM
To: Andrea Dalgarno
Cc: Michael Smith ; Sarah Harris

Subject: RE: OFA Loan Update as at May 5, 2017

Hi Andrea,

Corporate Finance does not administer the OFA loans or the OLMS. To confirm amounts repaid, capitalized interest, etc. you should contact OFA's Accounting group (Siva Nathan). Also, I believe that the maturity date noted for the Ontario Infrastructure and Lands Corporation line of credit is incorrect. OILC's last line of credit expired in June 2016. We recently started working with IO on a new line of credit facility but the details have yet to be finalized. In addition, we have been in discussion with MAESD regarding providing loans totalling $300M to colleges and universities in 2017-18 for energy retrofit projects but this loan program has yet to go forward for Treasury Board and Cabinet approval.

Thanks,

Mara

From: Andrea Dalgarno

Sent: Monday, May 08, 2017 11:56 AM

To: Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>

Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: OFA Loan Update as at May 5, 2017

Hi,

Please find attached the updated listing of the OFA Loans as at May 5, 2017. We used the Oct 31, 2013 as the base and then we removed (moved to bottom) what seemed to have matured or no longer exist based on OLMS (current loan system), added new and updated Borrowing Authority Allocated based on OLMS as applicable. We adjusted some maturity dates (OILC and OEFC lines of credit maturity dates) which were incorrect based on documentation in place.

The last update was a joint effort between Documentation and Salman in 2013. We ask that Corporate Finance review to ensure its agreement with the attached update dated May 5, 2017.

We are aware of no new school loans but we rely on Corporate Finance for updated information regarding new loans.

Let me know should you have any questions or concerns.

Regards,

Andrea Dalgarno

Documentation & Analysis Specialist

Ontario Financing Authority

Tel 416-212-7451

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As of May 5, 2017

Loan Agreements										OIC			TAS 3/31/2017	Difference	Note Re Difference	Adjusted BA Allocated (Construction Loans and LOC at max)
Borrower	Initial Loan Amount / Maximum Availability	Effective Date	Maturity Date	Type	Revolving	Advances	Repaid	Capitalized Interest (Construction)	Available for Borrower under Agreement	OIC	Revolving	Borrowing Authority Allocated				
Algonquin College of Applied Arts and Technology	$21,296,746.49	March 25, 2011	December 17, 2037		No	**$21,296,746.49**			$0.00			**$19,137,704.21**	19137706.22	$ 0.01		$19,137,704.21
Boreal College	$5,000,180.82	June 15, 2009	January 21, 2036		No	**$5,000,180.82**			$0.00			**$4,300,244.25**	see below			$4,300,244.25
Boreal College	$7,516,644.19		January 2, 2035		No	**$7,516,644.19**			$0.00			**$6,197,450.03**	$ 10,515,636.22	-$17,941.94 OK-Principal payment since 3/31/2017		$6,197,450.03
Cambrian College	$400,000.00	June 26, 2008	July 31, 2018		No	**$400,000.00**			$0.00	OIC 675/97	Yes	**$61,115.49**	see below			$61,115.49
Cambrian College	$3,041,451.18	November 9, 2009	November 11, 2019		No	**$3,041,451.18**			$0.00	OIC 675/97	Yes	**$887,758.27**	see below			$887,758.27
Cambrian College	$11,232,658.70	December 31, 2009	December 31, 2029		No	**$11,232,658.70**			$0.00	OIC 675/97	Yes	**$8,392,710.08**	$ 9,411,678.06	-$70,094.22 OK-Principal payment since 3/31/2017		$8,392,710.08
Canadore College of Applied Arts	$1,500,000.00	October 28, 2011	July 5, 2027		No	**$1,500,000.00**			$0.00			**$1,122,812.33**	see below			$1,122,812.33
Canadore College of Applied Arts	$2,700,000.00	October 28, 2011	October 10, 2026		No	**$2,700,000.00**			$0.00			**$1,949,934.25**	see below			$1,949,934.25
Canadore College of Applied Arts	$1,500,000.00	March 22, 2012	March 28, 2022		No	**$1,500,000.00**			$0.00			**$800,395.27**	$ 3,873,141.83	$0.02		$800,395.27
Centennial College	$17,197,491.22	March 19, 2010	November 30, 2026		No	**$17,197,491.22**			$0.00	OIC 675/97	Yes	**$12,480,214.97**	see below			$12,480,214.97
Centennial College	$17,070,000.00		September 26, 2029		No	**$17,070,000.00**						**$14,800,448.10**	$ 27,280,663.09	-$0.02		$14,800,448.10
City Of Windsor	$26,416,693.90	June 26, 1997	March 31, 2021		No	**$26,416,693.90**			$0.00	OIC 675/97	Yes	**$8,171,389.87**	$ 8,171,389.88	$ 0.01		$8,171,389.87
Conestoga College	$14,700,000.00	April 27, 2012	May 4, 2027		No	**$14,700,000.00**			$0.00			**$10,623,908.59**	see below			$10,623,908.59
Conestoga College	$21,500,000.00		October 6, 2031		No	**$21,500,000.00**						**$20,894,552.12**	$ 32,564,171.42	-$1,045,710.71 OK-Principal payment since 3/31/2017		$20,894,552.12
Confederation College	$1,700,000.00	March 28, 2012	March 16, 2020		No	**$1,685,844.00**			$0.00			**$757,167.55**	see below			$757,167.55
Confederation College	$10,600,000.00		December 15, 2017	Construction	No	**$,615,000.00**						**$5,615,000.00**	$ 6,372,167.56	-$0.01		$10,600,000.00
Durham College	$6,430,304.00		February 5, 2024		No	**$6,430,304.00**						**$4,705,780.69**	$ 4,705,780.69	$ -		$4,705,780.69
Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 2040		No	**$20,000,000.00**			$0.00			**$17,654,049.00**	see below			$17,654,049.00
Fanshawe College of Applied Arts and Technology	$22,300,000.00		July 31, 2017	Construction	No	**$14,900,000.00**						**$14,979,979.51**	$ 32,706,075.76	-$72,047.25 Principal payment 97,270.75 since 3/31/2017- **Int Capital's 25,223.47**		$22,300,000.00
George Brown College	$35,000,000.00	May 13, 2013	May 22, 2020		No	**$35,000,000.00**			$0.00			**$16,987,075.34**	see below			$16,987,075.34
George Brown College	$40,000,000.00		June 24, 2041		No	**$40,000,000.00**						**$39,632,076.56**	$ 56,619,151.90	$0.00		$39,632,076.56
Georgian College	$3,630,000.00	March 31, 2008	March 31, 2018		No	**$3,630,000.00**			$0.00	OIC 675/97	Yes	**$430,213.30**	see below			$430,213.30
Georgian College	$2,245,600.00	March 27, 2009	March 27, 2019		No	**$2,245,600.00**			$0.00	OIC 675/97	Yes	**$517,553.83**	see below			$517,553.83
Georgian College	$2,400,000.00	March 23, 2010	March 23, 2020		No	**$2,400,000.00**			$0.00	OIC 675/97	Yes	**$812,514.61**	$ 1,760,205.03	-$76.71 **Transition Difference PBFS to TAS per accounting**		$812,514.61
IESO	$975,000,000.00		December 31, 2019	Line of Credit	Yes	**$0.00**			$960,486,661.14			**$14,513,338.86**	$81,208,758.62	$66,695,419.76 OK-Principal payment since 3/31/2017		$975,000,000.00
Lambton College	$4,000,000.00	July 7, 2008	July 7, 2033		No	**$4,000,000.00**			$0.00	OIC 675/97	Yes	**$3,137,731.18**	$ 3,147,935.78	$ 10,204.60		$3,137,731.18
Loyalist College	$4,937,396.00	August 20, 2009	August 28, 2027		No	**$4,937,396.00**			$0.00	OIC 675/97	Yes	**$3,376,004.08**	see below			$3,376,004.08
Loyalist College	$2,750,000.00		May 7, 2024		No	**$2,750,000.00**			$0.00			**$2,128,593.69**	$ 5,504,597.74	$0.03		$2,128,593.69
Mohawk College	$6,606,343.78	February 24, 2009	September 2, 2031		No	**$6,606,343.78**			$0.00	OIC 675/97	Yes	**$5,255,030.99**	see below			$5,255,030.99
Mohawk College	$34,805,516.70		November 25, 2038		No	**$34,805,516.70**			$0.00			**$32,452,648.78**	see below			$32,452,648.78
Mohawk College	$11,000,000.00		November 29, 2028		No	$11,000,000.00			$0.00			**$9,273,193.43**	$ 47,003,150.45	-$22,277.25 OK-Principal payment since 3/31/2017		$9,273,193.43
Niagara Parks Commission	$6,500,000.00	November 18, 2009	April 30, 2027		No	**$6,500,000.00**			$0.00	OIC 675/97	Yes	**$4,553,428.59**	$ 4,553,428.59	$ -		$4,553,428.59
Ontario Infrastructure & Lands Corporation (formerly OIPC)	$200,000,000.00		June 29, 2019	Line of Credit	Yes	**$0.00**			$200,000,000.00	OIC 675/97	Yes	**$0.00**	$ -	$ - *Nothing Outstanding but still active (extended to 2019 from 2016)*		$200,000,000.00
Partial Prepayment approx 11M 2/1/2014 Ontario Lottery & Gaming	$33,802,243.16	October 19, 2010	January 8, 2018		No	**$22,610,683.42**			$0.00			**$4,564,232.92**	see below			$4,564,232.92
Ontario Lottery & Gaming	$89,150,000.00		October 2, 2017	Construction	No	**$28,700,000.00**						**$28,700,000.00**	$ 33,769,122.82	-$504,889.90 OK-Principal payment since 3/31/2017		$89,150,000.00
Ontario Northland Transportation Commission	$3,800,000.00	October 13, 2004	January 1, 2020		No	**$3,800,000.00**			$0.00	OIC 675/97	Yes	**$908,953.82**	See Below			$908,953.82
Ontario Northland Transportation Commission	$2,300,000.00	July 19, 2005	January 1, 2031		No	**$2,300,000.00**			$0.00	OIC 675/97	Yes	**$1,589,025.80**	$ 2,564,245.12	-$66,265.50 OK-Principal payment since 3/31/2017		$1,589,025.80
Ottawa Convention Centre Corporation	$40,000,000.00	August 11, 2011	September 1, 2036	Construction	No	**$40,000,000.00**			$0.00			**$47,114,846.88**	$ 47,114,846.88	**$ 7,114,846.88 3/31/2017 in TAS note that PBFS error so does not appear. Capital's of Int=7,114,846.88**		$40,000,000.00
Royal Ontario Museum (ROM)	$27,000,000.00	July 4, 2011	March 31, 2027		No	**$27,000,000.00**			$0.00			**$26,000,000.00**	$ 26,000,000.00	$ -		$26,000,000.00
Sheridan College	$40,180,436.04		March 31, 2042		No	**$40,180,436.04**						**$40,180,436.04**	$ 40,180,436.04	$ -		$40,180,436.04
Sir Sanford Fleming College	$14,921,000.00	June 27, 2012	July 6, 2027		No	**$14,921,000.00**			$0.00			**$11,168,132.79**	$ 11,168,133.00	$ 0.21		$11,168,132.79
St Clair College	$3,300,000.00		May 14, 2017		No	**$3,300,000.00**						**$1,666,293.09**	see below			$1,666,293.09
St Clair College	$3,600,000.00		May 14, 2025		No	**$3,600,000.00**						**$3,107,767.50**	$ 4,774,060.60	-$0.01		$3,107,767.50
The Sault College of Applied A&T	$2,000,000.00		October 31, 2019		No	**$2,000,000.00**						**$1,023,088.91**	see below			$1,023,088.91
The Sault College of Applied A&T	$3,000,000.00		October 31, 2029		No	**$3,000,000.00**						**$2,597,483.05**	see below			$2,597,483.05
The Sault College of Applied A&T	$6,500,000.00		April 16, 2018	Construction	No	**$6,500,000.00**						**$2,000,000.00**	$ 3,902,770.53	$1,717,801.43 OK-Principal payment since 3/31/2017+ Apr 3 Advance		$6,500,000.00
University of Ontario Institute of Technology (UOIT)	$28,137,279.00	February 6, 2012	October 16, 2017		No	**$28,137,279.00**			$0.00			**$2,823,716.00**	$ 5,501,179.00	$ 2,677,463.00 OK-Principal payment since 3/31/2017		$2,823,716.00

OIC Summary						Adjusted (LOC and Contruction at Max Available)	
	Opening Balance under OIC	Used portion of OIC under Loan Agreements	Remaining Balance Under OIC	Maturity	Revolving?	Used portion of OIC under Loan Agreements	Remaining Balance Under OIC
OIC 675/97	$2,160,000,000.00	$460,045,994.62	$1,699,954,005.38	June 1, 2041	Yes	$1,690,672,829.37	$469,327,170.63
OIC 767/99	$656,000,000.00	$0.00	$656,000,000.00	June 1, 2041	Yes	$0.00	$656,000,000.00

Data removed from above table:

	Borrower	Initial Loan Amount / Maximum Availability	Effective Date	Maturity Date	Type	Revolving	Advances	Repaid	Capitalized Interest (Construction)	Available for Borrower under Agreement	OIC	Revolving	Borrowing Authority Allocated
	Collège boréal d'arts appliqués et de technologie	$7,516,644.19	December 30, 2009	January 2, 1935		No	**$7,516,644.19**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$7,454,217.24**
	Collège boréal d'arts appliqués et de technologie	$6,000,000.00	June 15, 2009	June 30, 1935	Construction	No	**$0.00**	$0.00	**$0.00**	$6,000,000.00	OIC 675/97	Yes	$6,000,000.00
	Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 1940		No	**$20,000,000.00**	$66,407.61	**$0.00**	$20,000,000.00	OIC 675/97	Yes	**$19,933,592.39**
	Mohawk College	$2,421,401.00	September 10, 2007	September 10, 2011		No	**$2,421,401.00**	$1,614,525.26	**$0.00**	$0.00	OIC 675/97	Yes	**$806,875.74**
	Mohawk College	$2,443,000.00	February 24, 2009	March 2, 2012		No	**$2,443,000.00**	$1,000,676.12	**$0.00**	$0.00	OIC 675/97	Yes	**$1,442,323.88**
	Mohawk College	$1,914,475.00	March 23, 2010	March 25, 2013		No	**$1,914,475.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$1,914,475.00**
	Ontario Northland Transportation Commission	$8,000,000.00	December 21, 2001	March 31, 2012	Line of Credit	Yes	**$8,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$8,000,000.00**
	Ontario Northland Transportation Commission	$7,000,000.00	December 3, 2001	March 31, 2012	Line of Credit	Yes	**$5,700,000.00**	$0.00	**$0.00**	$1,300,000.00	OIC 675/97	Yes	**$7,000,000.00**
	Ontario Power Authority	$975,000,000.00	January 1, 2005	December 31, 2010	Line of Credit	Yes	**$120,000,000.00**	$20,000,000.00	**$29,726.03**	**$874,970,273.97**	OIC 675/97	Yes	**$975,000,000.00**
	Royal Ontario Museum (ROM)	$13,000,000.00	October 17, 2007	March 31, 2011		No	**$13,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$13,000,000.00**
	Royal Ontario Museum (ROM)	$10,000,000.00	October 17, 2007	March 31, 2012		No	**$10,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$10,000,000.00**
	Royal Ontario Museum (ROM)	$10,000,000.00	October 17, 2007	June 30, 2013		No	**$10,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$10,000,000.00**
	St. Clair College	$534,547.68	June 24, 2008	June 26, 2013		No	**$534,547.68**	$191,389.29	**$0.00**	$0.00	OIC 675/97	Yes	**$343,158.39**
M	Centennial College	$17,500,000.00	October 31, 2013	September 24, 2014	Construction	No	**$0.00**	$0.00	**$0.00**	$17,500,000.00			**$17,500,000.00**
M	Georgian College	$1,800,000.00	March 23, 2010	March 23, 2015		No	**$1,800,000.00**	$1,230,852.51	**$0.00**	$0.00	OIC 675/97	Yes	**$569,147.49**
M	Loyalist College	$946,148.55	April 6, 2010	April 6, 2015		No	**$946,148.55**	$647,561.25	**$0.00**	$0.00	OIC 675/99	Yes	**$298,587.30**
M	Ontario Infrastructure & Lands Corporation (formerly OIPC)	$200,000,000.00	June 23, 2006	June 23, 2016	Line of Credit	Yes	**$73,000,000.00**	$0.00	**$0.00**	$127,000,000.00	OIC 675/97	Yes	**$200,000,000.00**
M	Ontario Lottery & Gaming	$226,482,969.61	October 31, 2007	November 15, 2013		No	**$226,482,969.61**	$222,401,728.82	**$0.00**	$0.00	OIC 675/97	Yes	**$4,081,240.79**
M	Ontario Lottery & Gaming	$18,524,285.19	February 1, 2010	February 2, 2015		No	**$18,524,285.19**	$13,365,368.30	**$0.00**	$0.00	OIC 675/98	Yes	**$5,158,916.89**
M	Ontario Lottery & Gaming	$31,268,957.20	October 19, 2011	May 9, 2016		No	**$31,268,957.20**	$14,542,574.26		$0.00			**$16,726,382.94**
M	Ontario Northland Transportation Commission	$12,700,000.00	June 11, 1999	August 1, 2014	Debenture	No	**$12,700,000.00**	$11,639,308.03	**$0.00**	$0.00	OIC 675/97	Yes	**$1,060,691.97**
M	Ontario Northland Transportation Commission	$19,014,500.00	December 15, 1999	December 1, 2014	Debenture	No	**$19,014,500.00**	$16,907,954.30	**$0.00**	$0.00	OIC 675/97	Yes	**$2,106,545.70**
M	Ontario Power Authority	$975,000,000.00	November 9, 2010	December 31, 2013	Line of Credit	Yes	($958,250.60)		**$0.00**	$975,558,250.60			**$975,000,000.00**
M	Ontario Science Centre	$10,000,000.00	January 31, 2005	March 15, 2017		No	**$10,000,000.00**	$8,000,000.00	**$0.00**	$0.00	OIC 675/97	Yes	**$2,000,000.00**
M	Sir Sanford Fleming College	$1,920,000.00	June 26, 2008	June 26, 2015		No	**$1,920,000.00**	$1,406,506.56	**$0.00**	$0.00	OIC 675/97	Yes	**$513,493.44**
M	Royal Ontario Museum (ROM)	$22,540,000.00	July 4, 2011	March 31, 2033			**$22,540,000.00**						**$22,540,000.00**
Restructured?	Mohawk College	$35,000,000.00	March 28, 2013	December 31, 2013	Construction	No	**$29,938,099.00**	$0.00	**$150,292.66**	$5,061,901.00			**$35,000,000.00**
Status unknown- not in OLMS	TBD	$250,000,000.00	January 1, 2009	December 31, 2024	Line of Credit	Yes	**$0.00**	$0.00	**$0.00**	$250,000,000.00	OIC 675/97	Yes	**$250,000,000.00**

New loans advances made during the year 2016/17	**Date of advance**
Colleges	
Sheridan College - Davis Campus STC Project.	4/1/2016
Fanshawe College	6/9/2016
George Brown College	6/24/2016
Sheridan College	7/5/2016
Fanshawe College	9/1/2016
Conestoga College	10/5/2016
Sheridan College	11/4/2016
Fanshawe College	12/1/2016
The Confederation College of Applied Arts and Technology.	3/7/2017
Sheridan College	3/17/2017
Total cash advances to Colleges	
Sheridan College- Total Interest capitalized on conversion of construction loan to term loan	3/31/2017
Total advances to Colleges	
Corporations	
Ontario Lottery & Gaming Corporation	5/30/2016
Ontario Lottery & Gaming Corporation	6/24/2016
Ontario Lottery & Gaming Corporation	9/29/2016
Ontario Lottery & Gaming Corporation	2/24/2017
Independent Electricity System Operator-IESO 1st Loan Advance	8/19/2016
Total advances to Corporations	

Accounting Doc #	Amount $		
AL0001	10,602,773.00	Combines with other to new LOAN in OLMS	
AL0028	2,750,000.00	ADVANCE IN OLMS	
AL0036	40,000,000.00	NEW LOAN IN OLMS	
AL0038	7,465,266.00	Combines with other to new LOAN in OLMS	
AL0059	3,900,000.00	ADVANCE IN OLMS	
AL0073	21,500,000.00	NEW LOAN IN OLMS	
AL0093	10,188,630.00	Combines with other to new LOAN in OLMS	
AL0100	4,100,000.00	ADVANCE IN OLMS	
AL0143	5,615,000.00	NEW CONSTUCT LOAN IN OLMS	
AL0147	11,743,331.00	Combines with other to new LOAN in OLMS	
	117,865,000.00		
AL0155	180,436.06	Combines with other to new LOAN in OLMS	
	118,045,436.06		
AL0027	1,750,000.00	??	
AL0037	1,500,000.00	??	
AL0072	2,000,000.00	NEW CONSTUCT LOAN IN OLMS	
AL0139	3,000,000.00	NEW CONSTUCT LOAN IN OLMS	Note: OLMS has more const
	8,250,000.00		
AL0053	94,951,024.00	8/19/2016	
	94,951,024.00		
	103,201,024.00		

:ruction loan advances than appear here?

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: College,Niagara Parks Commission,Ontario Infrastructure and Lands Corporation,Ontario
Advance Date: All
Project: All
Loan Outstanc 05-May-2017

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
Algonquin College												
945	Term Loan	17-Dec-2012	17-Dec-2037	21,296,746.49		21,296,746.49	0.00	0.03	4.0080	21,296,746.49	19,137,704.21	OLD
						$21,296,746.49	**$0.00**			**$21,296,746.49**	**$19,137,704.21**	
Boreal College												
429	Term Loan	30-Dec-2009	02-Jan-2035	7,516,644.19		7,516,644.19	0.00	0.05	5.1300	7,516,644.19	6,197,450.03	OLD
636	Term Loan	21-Jan-2011	21-Jan-2036	5,000,180.82		5,000,180.82	0.00	0.05	5.0940	5,000,180.82	4,300,244.25	OLD
						$12,516,825.01	**$0.00**			**$12,516,825.01**	**$10,497,694.28**	
Cambrian College												
430	Term Loan	09-Nov-2009	11-Nov-2019	3,041,451.18		3,041,451.18	0.00	0.05	3.4200	3,041,451.18	887,758.27	OLD
392	Term Loan	31-Jul-2008	31-Jul-2018	400,000.00		400,000.00	0.00	0.05	4.8140	400,000.00	61,115.49	OLD
431	Term Loan	31-Dec-2009	31-Dec-2029	11,232,658.70		11,232,658.70	0.00	0.05	5.2600	11,232,658.70	8,392,710.08	OLD
						$14,674,109.88	**$0.00**			**$14,674,109.88**	**$9,341,583.84**	
Canadore College												
942	Term Loan	03-Jul-2012	05-Jul-2027	1,500,000.00		1,500,000.00	0.00	0.03	3.2220	1,500,000.00	1,122,812.33	OLD
817	Term Loan	10-Nov-2011	10-Nov-2026	2,700,000.00		2,700,000.00	0.00	0.03	3.4770	2,700,000.00	1,949,934.25	OLD
939	Term Loan	28-Mar-2012	28-Mar-2022	1,500,000.00		1,500,000.00	0.00	0.03	2.7100	1,500,000.00	800,395.27	OLD
						$5,700,000.00	**$0.00**			**$5,700,000.00**	**$3,873,141.85**	
Centennial College												
818	Term Loan	30-Nov-2011	30-Nov-2026	17,197,491.22		17,197,491.22	0.00	0.05	3.7080	17,197,491.22	12,480,214.97	OLD
1189	Term Loan	26-Sep-2014	26-Sep-2029	17,070,000.00		17,070,000.00	0.00	0.03	3.4730	17,070,000.00	14,800,448.10	NEW

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
						$34,267,491.22	**$0.00**			**$34,267,491.22**	**$27,280,663.07**	
City of Windsor												
408	Term Loan	31-Mar-2001	31-Mar-2021	26,416,693.90		26,416,693.90	0.00	0.00	6.4100	26,416,693.90	8,171,389.87	OLD
						$26,416,693.90	**$0.00**			**$26,416,693.90**	**$8,171,389.87**	

Conestoga College												
940	Term Loan	04-May-2012	04-May-2027	14,700,000.00		14,700,000.00	0.00	0.03	3.5110	14,700,000.00	10,623,908.59	OLD
1283	Term Loan	05-Oct-2016	06-Oct-2031	21,500,000.00		21,500,000.00	0.00	0.03	2.2730	21,500,000.00	20,894,552.12	New
						$36,200,000.00	**$0.00**			**$36,200,000.00**	**$31,518,460.71**	
Durham College Residence Refinancing												
1185	Term Loan	04-Feb-2014	05-Feb-2024	6,430,304.00		6,430,304.00	0.00	0.03	3.1230	6,430,304.00	4,705,780.69	
						$6,430,304.00	**$0.00**			**$6,430,304.00**	**$4,705,780.69**	
Fanshawe College												
427	Term Loan	01-Feb-2010	01-Feb-2040	20,000,000.00		20,000,000.00	0.00	0.05	5.4900	20,000,000.00	17,654,049.00	OLD
1270	Construction Loan	09-Jun-2016	31-Jul-2017	22,300,000.00	15,400,000.00	2,750,000.00	0.00	0.03	0.2750		2,767,902.01	New
1270	Construction Loan	01-Sep-2016	31-Jul-2017	22,300,000.00	11,500,000.00	3,900,000.00	0.00	0.03	0.2750		3,916,649.36	New
1270	Construction Loan	01-Dec-2016	31-Jul-2017	22,300,000.00	7,400,000.00	4,100,000.00	0.00	0.03	0.2750		4,108,744.79	New
1270	Construction Loan	29-Mar-2016	31-Jul-2017	22,300,000.00	18,150,000.00	4,150,000.00	0.00	0.03	0.2750		4,186,683.35	New
						$34,900,000.00	**$0.00**			**$20,000,000.00**	**$32,634,028.52**	
Fleming College												
943	Term Loan	06-Jul-2012	06-Jul-2027	14,921,000.00		14,921,000.00	0.00	0.03	3.2180	14,921,000.00	11,168,132.79	OLD
						$14,921,000.00	**$0.00**			**$14,921,000.00**	**$11,168,132.79**	
Georgian College												
634	Term Loan	27-Mar-2009	27-Mar-2019	2,245,600.00		2,245,600.00	0.00	0.05	3.7150	2,245,600.00	517,553.83	OLD
395	Term Loan	31-Mar-2008	31-Mar-2018	3,630,000.00		3,630,000.00	0.00	0.05	3.9540	3,630,000.00	430,213.30	OLD
618	Term Loan	23-Mar-2010	23-Mar-2020	2,400,000.00		2,400,000.00	0.00	0.05	3.6260	2,400,000.00	812,514.61	OLD
						$8,275,600.00	**$0.00**			**$8,275,600.00**	**$1,760,281.73**	

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
Lambton College												
389	Term Loan	07-Jul-2008	07-Jul-2033	4,000,000.00		4,000,000.00	0.00	0.05	5.2240	4,000,000.00	3,137,731.18	OLD
						$4,000,000.00	**$0.00**			**$4,000,000.00**	**$3,137,731.18**	
Loyalist College												
409	Term Loan	28-Aug-2009	30-Aug-2027	4,937,396.00		4,937,396.00	0.00	0.05	4.8300	4,937,396.00	3,376,004.08	OLD
1186	Term Loan	07-May-2014	07-May-2024	2,750,000.00		2,750,000.00	0.00	0.03	2.6410	2,750,000.00	2,128,593.69	NEW
						$7,687,396.00	**$0.00**			**$7,687,396.00**	**$5,504,597.77**	
Niagara Parks Commission												

426	Term Loan	18-Nov-2009	30-Apr-2027	6,500,000.00		6,500,000.00	0.00	0.05	5.0700	6,500,000.00	4,553,428.59	OLD
						$6,500,000.00	**$0.00**			**$6,500,000.00**	**$4,553,428.59**	
Ontario Lottery & Gaming												
1183	Term Loan	10-Mar-2014	08-Jan-2018	22,610,683.42		22,610,683.42	0.00	0.03	2.3200	22,610,683.42	4,564,232.92	
1228	Construction Loan	29-May-2015	02-Oct-2017	1,000,000.00		1,000,000.00	0.00	0.03	0.3250		1,000,000.00	
1281	Construction Loan	30-Sep-2016	02-Oct-2017	1,500,000.00		1,500,000.00	0.00	0.03	0.3250		1,500,000.00	
1278	Construction Loan	30-Sep-2016	02-Oct-2017	1,750,000.00		1,750,000.00	0.00	0.03	0.3250		1,750,000.00	
1280	Construction Loan	30-Sep-2016	02-Oct-2017	1,750,000.00		1,750,000.00	0.00	0.03	0.3250		1,750,000.00	
1277	Construction Loan	30-Sep-2016	02-Oct-2017	2,000,000.00		2,000,000.00	0.00	0.03	0.3250		2,000,000.00	
1282	Construction Loan	29-Sep-2016	02-Oct-2017	2,000,000.00		2,000,000.00	0.00	0.03	0.3250		2,000,000.00	
1279	Construction Loan	30-Sep-2016	02-Oct-2017	2,250,000.00		2,250,000.00	0.00	0.03	0.3250		2,250,000.00	
1299	Construction Loan	24-Feb-2017	02-Oct-2017	3,000,000.00		3,000,000.00	0.00	0.03	0.3250		3,000,000.00	
1225	Construction Loan	26-Mar-2015	02-Oct-2017	3,700,000.00		3,700,000.00	0.00	0.03	0.3250		3,700,000.00	
1276	Construction Loan	30-Sep-2016	02-Oct-2017	6,500,000.00		6,500,000.00	0.00	0.03	0.3250		6,500,000.00	
1229	Construction Loan	21-Aug-2015	02-Oct-2017	28,500,000.00	27,250,000.00	1,250,000.00	0.00	0.03	0.3250		1,250,000.00	
1188	Construction Loan	28-Aug-2014	02-Oct-2017	35,200,000.00	33,200,000.00	2,000,000.00	0.00	0.03	0.3250		2,000,000.00	
						$51,310,683.42	**$0.00**			**$22,610,683.42**	**$33,264,232.92**	
Ontario Northland Transportation Commission												

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
405	Term Loan	01-Jan-2005	01-Jan-2020	3,800,000.00		3,800,000.00	0.00	0.00	5.2200	3,800,000.00	908,953.82	OLD
404	Term Loan	01-Jan-2006	01-Jan-2031	2,300,000.00		2,300,000.00	0.00	0.00	4.9000	2,300,000.00	1,589,025.80	OLD
						$6,100,000.00	**$0.00**			**$6,100,000.00**	**$2,497,979.61**	
Royal Ontario Museum												
1057	Term Loan	01-Apr-2013	31-Mar-2027	2,357,000.00		2,357,000.00	0.00	0.03	0.5300	2,357,000.00	1,357,000.00	
941	Term Loan	02-Apr-2012	31-Mar-2027	4,983,000.00		4,983,000.00	0.00	0.03	0.5300	4,983,000.00	4,983,000.00	
762	Term Loan	04-Jul-2011	31-Mar-2027	19,660,000.00		19,660,000.00	0.00	0.03	0.5300	19,660,000.00	19,660,000.00	
						$27,000,000.00	**$0.00**			**$27,000,000.00**	**$26,000,000.00**	OLD
Sheridan College												
1301	Term Loan	31-Mar-2017	31-Mar-2042	40,180,436.04		40,180,436.04	0.00	0.25	3.4670	40,180,436.04	40,180,436.04	
						$40,180,436.04	**$0.00**			**$40,180,436.04**	**$40,180,436.04**	

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
St. Clair College												
1226	Term Loan	14-May-2015	14-May-2018	3,300,000.00		3,300,000.00	0.00	0.03	1.3210	3,300,000.00	1,666,293.09	
1227	Term Loan	14-May-2015	14-May-2025	3,600,000.00		3,600,000.00	0.00	0.03	2.1470	3,600,000.00	3,107,767.50	
						$6,900,000.00	**$0.00**			**$6,900,000.00**	**$4,774,060.60**	
The Confedration College of Applied Arts and Technology												
1056	Term Loan	14-Mar-2013	16-Mar-2020	1,685,844.00		1,685,844.00	0.00	0.03	2.4050	1,685,844.00	757,167.55	
1300	Construction Loan	07-Mar-2017	15-Dec-2017	10,600,000.00	4,985,000.00	5,615,000.00	0.00	0.03	0.2750		5,615,000.00	????
						$7,300,844.00	**$0.00**			**$1,685,844.00**	**$6,372,167.55**	
The Sault College of Applied Arts and Technology												
1191	Term Loan	31-Oct-2014	31-Oct-2019	2,000,000.00		2,000,000.00	0.00	0.03	1.8560	2,000,000.00	1,023,088.91	
1192	Term Loan	31-Oct-2014	31-Oct-2029	3,000,000.00		3,000,000.00	0.00	0.03	3.3380	3,000,000.00	2,597,483.05	
1302	Construction Loan	03-Apr-2017	16-Apr-2018	6,500,000.00	4,500,000.00	2,000,000.00	0.00	0.03	0.2750		2,000,000.00	
						$7,000,000.00	**$0.00**			**$5,000,000.00**	**$5,620,571.96**	
					Grand Total:	**$379,578,129.96**	**$0.00**			**$328,363,129.96**	**$291,994,067.80**	

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
University of Ontario Institute of Technology											
819	Term Loan	06-Feb-2012	16-Oct-2017	28,137,279.00		28,137,279.00	0.00	0.03	2.7700	28,137,279.00	2,823,716.00
						$28,137,279.00	**$0.00**			**$28,137,279.00**	**$2,823,716.00**
					Grand Total:	**$28,137,279.00**	**$0.00**			**$28,137,279.00**	**$2,823,716.00**

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: Mohawk College
Advance Date: All

Project: All
Loan Outstanc 05-May-2017

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
Mohawk College											
763	Term Loan	31-Aug-2011	02-Sep-2031	6,606,343.78		6,606,343.78	0.00	0.05	4.1830	6,606,343.78	5,255,030.99
1110	Term Loan	25-Nov-2013	25-Nov-2038	34,805,516.70		34,805,516.70	0.00	0.03	4.7620	34,805,516.70	32,452,648.78
1111	Term Loan	29-Nov-2013	29-Nov-2028	11,000,000.00		11,000,000.00	0.00	0.03	3.8550	11,000,000.00	9,273,193.43
						$52,411,860.48	**$0.00**			**$52,411,860.48**	**$46,980,873.20**
					Grand Total:	**$52,411,860.48**	**$0.00**			**$52,411,860.48**	**$46,980,873.20**

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: George Brown College
Advance Date: All
Project: All
Loan Outstanc 05-May-2013

WRONG DATE

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
George Brown College											
1059	Term Loan	22-May-2013	22-May-2020	35,000,000.00		35,000,000.00	0.00	0.03	2.4230	35,000,000.00	0.00
1274	Term Loan	24-Jun-2016	24-Jun-2041	40,000,000.00		40,000,000.00	0.00	0.03	5.7500	40,000,000.00	0.00
						$75,000,000.00	**$0.00**			**$75,000,000.00**	**$0.00**
					Grand Total:	**$75,000,000.00**	**$0.00**			**$75,000,000.00**	**$0.00**

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: George Brown College
Advance Date: All
Project: All
Loan Outstanc 05-May-2017

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
George Brown College											
1059	Term Loan	22-May-2013	22-May-2020	35,000,000.00		35,000,000.00	0.00	0.03	2.4230	35,000,000.00	16,987,075.34
1274	Term Loan	24-Jun-2016	24-Jun-2041	40,000,000.00		40,000,000.00	0.00	0.03	5.7500	40,000,000.00	39,632,076.56
						$75,000,000.00	**$0.00**			**$75,000,000.00**	**$56,619,151.90**
					Grand Total:	**$75,000,000.00**	**$0.00**			**$75,000,000.00**	**$56,619,151.90**

Loan Agreements

Borrower	Initial Loan Amount / Maximum Availability	Advances
Algonquin College of Applied Arts and Technology	$21,296,746.49	$21,296,746.49
Boreal College	$12,516,825.01	$12,516,825.01
Cambrian College	$14,674,109.88	$14,674,109.88
Canadore College of Applied Arts	$5,700,000.00	$5,700,000.00
Centennial College	$17,197,491.22	$17,197,491.22
City Of Windsor	$26,416,693.90	$17,197,491.22
Conestoga College	$14,700,000.00	$14,700,000.00
Confederation College	$1,700,000.00	$1,700,000.00
DICO	$250,000,000.00	$0.00
Fanshawe College of Applied Arts and Technology	$20,000,000.00	$20,000,000.00
Fleming College	#REF!	#REF!
George Brown College	$35,000,000.00	$35,000,000.00
Georgian College	$8,275,600.00	$8,275,600.00
Lambton College	$4,000,000.00	$4,000,000.00
Loyalist College	$4,464,366,431.10	$496,924,871.36
Mohawk College	$6,009,129,747.10	$934,068,035.76
Niagara Parks Commission	$6,500,000.00	$6,500,000.00
Ontario Infrastructure Projects Corporation	$200,000,000.00	$73,000,000.00
Ontario Lottery & Gaming	$4,674,043,386.62	$779,601,826.88
Ontario Northland Transportation Commission	$6,100,000.00	$6,100,000.00
Ontario Power Authority	$975,000,000.00	-$558,250.60
Ontario Science Centre	$10,000,000.00	$10,000,000.00
Ottawa Convention Centre Corporation	$40,000,000.00	$40,000,000.00
Royal Ontario Museum (ROM)	$49,540,000.00	$49,540,000.00
Sir Sanford Fleming College	$1,920,000.00	$1,920,000.00
University of Ontario Institute of Technology (UOIT)	$28,137,279.00	$28,137,279.00

			OIC		
Repaid	**Capitalized Interest (Construction)**	**Avaliable for Borrower under Agreement**	**OIC**	**Revolving**	**Borrowing Authority Allocated**
$251,514.03	**$0.00**	$0.00			
$0.00	**$0.00**	$0.00			
$0.00	**$0.00**	**$0.00**	OIC 675/97	Yes	$9,341,583.84
$0.00	**$0.00**	$0.00			
$1,325,359.57	**$0.00**	$0.00	OIC 675/97	Yes	**$8,500,000.00**
$1,325,359.57	**$0.00**	$0.00	OIC 675/97	Yes	**$8,500,000.00**
$759,480.04					
$111,286.43					
$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$250,000,000.00**
$1,017,378.17					
#REF!					
$1,150,762.03					
$0.00	**$0.00**	$0.00	OIC 675/97	Yes	$1,760,281.74
$469,648.86			OIC 675/97	Yes	**$3,843,232.41**
################		$0.00	OIC 675/98	Yes	$1,309,745,253.79
################	**$15,613.25**	-$15,613.25	OIC 675/97	**Yes**	$2,568,427,927.75
$746,069.37			OIC 675/97	Yes	**$6,500,000.00**
$30,000,000.00		$157,000,000.00	OIC 675/97	Yes	**$200,000,000.00**
################					$1,478,672,894.85
$0.00	**$0.00**	$0.00	OIC 675/97	**Yes**	$2,497,979.62
	$0.00	$975,558,250.60			
$8,000,000.00	**$0.00**	$0.00	OIC 675/97	**Yes**	$2,000,000.00
$938,246.87		$0.00			
$11,697,000.00					
$467,038.59	**$0.00**	$0.00	OIC 675/97	**Yes**	$1,452,961.41
$8,215,761.00	**$0.00**	$0.00			

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

Hi Salman,

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

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

Thank you,

Lisa

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

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

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

To: Ontario Financing Authority ("OFA")

WHEREAS: [insert background re: OFHP Act]

WHEREAS: [IESO has requsted funding…..]

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

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

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

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

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

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

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

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

Dated , 2017

Commented [LS1]: Salman to consider….

Commented [SQ22]: Consistent with OIC.

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

Commented [LS4]: Salman to confirm

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

Commented [SQ26]: Consistent with OIC.

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

Commented [LS8]: For further discussion.

_____
Charles Sousa
Minister of Finance

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

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

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Lisa

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

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MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

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WHEREAS: [insert background re: OFHP Act]

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

Dated , 2017

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Commented [SQ26]: Consistent with OIC.

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

Commented [LS8]: For further discussion.

_____
Charles Sousa
Minister of Finance

From: Sarah Harris
To: Salman Qadir
Subject: Accepted: IESO Minister"s Directive

Gwun-Hone Chin

From: Sarah Harris
Sent: Tuesday, April 25, 2017 8:47 PM
To: Lisa Stein
Subject: Accepted: IESO agreements

From: William Tan
To: Sarah Harris
Subject: Accepted: IESO-OFA Agreement

From: Rundans, Patrick (MOF)
To: Sarah Harris
Subject: Accepted: OFA OIC for FHP

From: Opal Kandelas
To: Sarah Harris
Subject: Accepted: OFA OIC for FHP

From: Opal Kandelas
To: Sarah Harris
Subject: Accepted: OFA OIC for FHP

From: Salman Qadir
To: Sarah Harris
Subject: Accepted: OFA OIC for FHP

From: Salman Qadir
To: Sarah Harris
Subject: Accepted: OFA OIC for FHP

From: Rundans, Patrick (MOF)
To: Sarah Harris
Subject: Accepted: OFA OIC for FHP

From: William Tan
To: Sarah Harris
Subject: Agreement Due Date Tracker
Date: Thursday, May 18, 2017 10:10:30 AM
Attachments: Agreement Due Date Tracker.xlsx

Hello Sarah,

Please find the attached “Agreement Due Date Tracker”. Let me know if you require any additions or changes.

Best regards,

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

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Agreement	Agreement Description	Original & Amending	Expiry	Amount	Folder Location	Notes
IESO and OFA	Credit Agreement	1-Jan-05 14-Feb-05 11-Oct-05 27-Sep-06 13-Jul-07 9-Nov-10 20-Dec-13 19-Dec-14	31-Dec-19	$ 975,000,000	Z:\Users\CMB\Documentation\IESO-OPA Merger\ONTARIO POWER AUTHORITY\Credit Agreement	Early stages of a possible amendment or new separate credit facility. As of May 18, 2017
IESO and OFA	Revolving Credit Facility Agreement	23-Apr-10 21-Jul-10 30-Apr-13 30-Apr-14 30-Apr-17	30-Jun-20	$ 160,000,000	Z:\Users\CMB\Documentation\IESO-OPA Merger\IESO(IMO)\OEFC - Revolving Credit Facility 2010	
IESO and OFA	Agreement Providing for Issuance of a Note	1-Apr-99 23-Apr-09 1-May-11 1-May-13 30-Apr-14 30-Apr-17	30-Jun-20	$ 120,000,000	Z:\Users\CMB\Documentation\IESO-OPA Merger\IESO(IMO)\OEFC - Loan Refinancing May 2011	
OPG and OEFC	$700 million OEFC-OPG Credit Facility	17-Jun-16 7-Sep-16	1-Jan-18	$ 700,000,000	Z:\Users\CMB\Documentation\OPG Loans from OEFC\Loans to OPG	
Ontario Infrastructure and Lands Corporation (OILC) and the Province	Long Term Provoince Non-Revolving Cedit Facility Agreement	15-Mar-15 14-Nov-16	14-Nov-18	$ 2,500,000,000	Z:\Users\CMB\Documentation\OILC (formerly OIPC)\OILC Credit facility Agreement 2016-2018\Current Version	
Ontario Infrastructure and Lands Corporation (OILC) and the Province	Short-Term Revolving Credit Facility Agreement	26-May-14 16-Aug-14	26-May-20	$ 900,000,000	Z:\Users\CMB\Documentation\OILC (formerly OIPC)\2014 Short Term Revolving Credit Facility (OILC-PROV)	
Ontario Infrastructure and Lands Corporation (OILC) and the Province	Revolving Credit Facility Agreement (Line of Credit)	23-Jun-06 5-Jul-11	29-Jun-19	$ 200,000,000	Z:\Users\CMB\Documentation\OILC (formerly OIPC)\Credit Facility 2006	
Ontario Infrastructure and Lands Corporation (OILC) and the Province	Services Agreement between OFA and OILC	1-Apr-07 31-Mar-12 31-Jan-15	31-Mar-20	n/a	Z:\Users\CMB\Documentation\OILC (formerly OIPC)\SLA February 2015	
Treasury Bill	Treasury Bill Issuing & Paying Agency Agreement	10-Jun-03 10-Jun-10 6-Jun-11 10-Jun-12 10-Jun-14	10-Jun-19	n/a	Z:\Users\CMB\Documentation\Treasury Bills\Treasury Bill Issuing & Paying Agency Agreement Related	

Last Updated May 18, 2017

From: William Tan
To: Sarah Harris
Subject: Amending Agreement 10
Date: Friday, June 23, 2017 4:18:55 PM
Attachments: IESO_OFA Amendment No 10.doc

Hi Sarah,

Please find the revised Amending Agreement 10. According to Risa, if there are no new requests for advancements the balance is the same as the two grid notes sent to Olga. I asked who would cross out and initial the incorrect $975,000,000 Loan Limit and she offered to create a new grid not correcting this. She says a correction will take very little time.

I suspect Anthony of IESO can provide with the as-of-date to include in the Amending Agreement.

From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir
Cc: Bruno Amara ; John Kim ; William Tan ; Sarah Harris
Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

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

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

AMENDING AGREEMENT NO. 10

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

BETWEEN:

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

-and-

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

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

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

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975 million and the OPA issued a grid note dated [INSERT] to the OFA for a principal amount of up to $975 million (the "Grid Note");

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

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

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the coperating facility is CDN $(·);

Commented [A1]: Existing Balance to be confirmed with Cash Management.

AND WHEREAS the IESO and the OFA have now agreed to decrease the total principal amount of the operating facility from CDN $975,000,000 to a principal amount of up to $475 million;

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

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

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

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

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid note to the IESO.

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

[*signature page follows*]

Commented [A2]: Insert amount once determined

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

ONTARIO FINANCING AUTHORITY

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From: John Kim
To: Sarah Harris
Subject: Automatic reply: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date: Friday, June 23, 2017 4:02:26 PM

I will be out of the office on starting Friday, June 23 to Wednesday, June 28. Please contact Bruno Amara at Bruno.Amara@ofina.on.ca if a response is required urgently.

Thank you.

John Kim

From:	Shajee Kathirgamanathan
To:	Sarah Harris
Subject:	Automatic reply: OIC s22 CIPA - OFA-IESO
Date:	Thursday, May 25, 2017 2:16:47 PM

Hello,
I will be away from the office from Thursday May 24, 2017 to Monday May 29, 2017 and will return on Tuesday May 30, 2017.

I will have occassional access to my emails.

For any immediate matters please contact Bruno Amara (bruno.amara@ofina.on.ca, 416-325-1489).

Otherwise, I will respond to your email when I return.

Thank you,

Shajee

From: Salman Qadir
To: Sarah Harris
Subject: Automatic reply: OIC s22 CIPA - OFA-IESO
Date: Thursday, May 25, 2017 2:16:47 PM

Thank you for your email. I am currently out of the office and have limited access to my email. If you have an urgent matter, please contact Bruno Amara at Bruno Amara at Bruno.Amara@ofina.on.ca or Shajee Kathirgamanathan at Shajee.Kathirgamanathan@ofina.on.ca.
Likewise, I will respond to your email on May 29, 2017.

Thank you,
Salman

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 4:10:41 PM
Attachments:	Blacklined vs OFA Legal version 12 38 pm-rev.docx

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Please see attached with a few additional tweaks. Please let me know if you would like to discuss further.

Thanks,

Lisa

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

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

AND

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

RECITALS:

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

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

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

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

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

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

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

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

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

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

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

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

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

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

Commented [SH4]: I amended to include interest to be consistent with wording under section 3.3

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

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

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

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

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

(e) every capital lease obligation of such Person;

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

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

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

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

"**Permitted Liens**" means:

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

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

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

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

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

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

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

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

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

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

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

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

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

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

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

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

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

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

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

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

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

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

Section 1.5 Non-Business Days.

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

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

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

Section 2.4 Mandatory Repayment.

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

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH9]: Could IESO please confirm if this is short term or short to medium term.

Commented [LS10]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS12]: Okay

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

Section 2.7 Computations of Interest.

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

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

Section 2.8 Limit on Rate of Interest.

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

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

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

ARTICLE 3
ADVANCES

Section 3.1 Advances.

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

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

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

Section 3.3 Elections Regarding Advances.

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

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to

Commented [LS13]: Make sure definition updated.

Commented [WT14]:

Commented [WT15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [SH16]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [LS17]: Please see changes

Commented [WT18]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS19]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [SH20]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [SH21]: Think this should just be the Advance.

Commented [LS22]: Yes

Commented [WT23]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

which the election request applies~~;~~ (b) the ~~Repayment Date of the proposed Continued Advance, (c) the~~ new aggregate total amount of the proposed Continued Advance~~, [including accrued interest];~~ and (~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance ~~shall~~ be determined in ~~accordance with~~the same manner as an Advance ~~as set out in~~under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

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

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

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

Section 3.4 Interest on Advances.

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

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

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

Commented [SH24]: Deleted (b), since this is reflected in (d)

Commented [LS25]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [LS26]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH27]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

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

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

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

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

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

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

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

Section 4.~~1~~2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.~~2~~3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~2~~3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or

Commented [LS28]: Why was this changed? Appears redundant.

Commented [WT29]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS30]: Add back original language (pre-amendment)

Commented [LS31]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH32]: Done

Commented [LS33]: Fix formatting/numbering and amend any corresponding numbering.

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

Commented [LS34]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [LS35]: Mof Legal to confirm relvant?

Section 4.~~3~~4 Insurance.

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

Section 4.~~4~~5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~5~~6 Negative Pledge.

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

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

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

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~5~~6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~5~~6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Indebtedness secured by Liens permitted pursuant to this Section 4.~~5~~6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~6~~7 Payment of OFA Expenses

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

Section 4.~~7~~8 Reporting.

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

Section 4.~~8~~9 Late Repayment of Advance.

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

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

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

Commented [LS36]: Why was this language changed? Failure to pay principal amount addressed below.

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

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

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

Commented [LS37]: Correct numbering

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

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

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

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

(~~f~~g) the IESO or any Material Subsidiary :

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

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

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

(A) to adjudicate it a bankrupt or insolvent,

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

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

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

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

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

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

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

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

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

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

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

If to the IESO, to it at:

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

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

If to OFA, to it at:

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

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

Commented [LS38]: Change numbering throughout and references if applicable

Commented [SH39]: Keep 'as is' since keeping Article 7.

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

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

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

Section ~~8~~7.3 Amendments.

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

Section ~~8~~7.4 Waiver.

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

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

Section ~~8~~7.5 Further Assurances.

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

Section ~~8~~7.6 Severability.

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

Section ~~8~~7.7 Governing Law.

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

Section ~~8~~7.8 Counterparts.

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

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

ONTARIO FINANCING AUTHORITY

Per: _____

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

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

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

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

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

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

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS40]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

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

(a) The Advance to which the election request applies is _____; _____; [Insert principal amount of Advance and Advance date];
(b) The ~~Repayment date of the Advance to which the election request applies, being a Business Day is _____; [insert Repayment Date of Advance];~~
~~(c) The~~new aggregate total amount of the proposed ~~election~~Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(~~d~~c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT41]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT42]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH43]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

Credit Facility Grid Note

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 4:10:41 PM
Attachments:	Blacklined vs OFA Legal version 12 38 pm-rev.docx

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Please see attached with a few additional tweaks. Please let me know if you would like to discuss further.

Thanks,

Lisa

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

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

AND

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

RECITALS:

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

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

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

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

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

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

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

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

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

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

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

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

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

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

Commented [SH4]: I amended to include interest to be consistent with wording under section 3.3

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

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

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

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

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

(e) every capital lease obligation of such Person;

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

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

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

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

"**Permitted Liens**" means:

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

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

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

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

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

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

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

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

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

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

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

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

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

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

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

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

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

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

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

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

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

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

Section 1.5 Non-Business Days.

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

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

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

Section 2.4 Mandatory Repayment.

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

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH9]: Could IESO please confirm if this is short term or short to medium term.

Commented [LS10]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS12]: Okay

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

Section 2.7 Computations of Interest.

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

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

Section 2.8 Limit on Rate of Interest.

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

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

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

ARTICLE 3
ADVANCES

Section 3.1 Advances.

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

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

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

Section 3.3 Elections Regarding Advances.

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

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to

Commented [LS13]: Make sure definition updated.

Commented [WT14]:

Commented [WT15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [SH16]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [LS17]: Please see changes

Commented [WT18]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS19]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [SH20]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [SH21]: Think this should just be the Advance.

Commented [LS22]: Yes

Commented [WT23]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

which the election request applies~~;~~ (b) the ~~Repayment Date of the proposed Continued Advance, (c) the~~ new aggregate total amount of the proposed Continued Advance~~, [including accrued interest];~~ and (~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance ~~shall~~ be determined in ~~accordance with~~the same manner as an Advance ~~as set out in~~under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

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

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

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

Section 3.4 Interest on Advances.

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

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

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

Commented [SH24]: Deleted (b), since this is reflected in (d)

Commented [LS25]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [LS26]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH27]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

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

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

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

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

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

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

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

Section 4.~~1~~2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.~~2~~3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~2~~3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or

Commented [LS28]: Why was this changed? Appears redundant.

Commented [WT29]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS30]: Add back original language (pre-amendment)

Commented [LS31]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH32]: Done

Commented [LS33]: Fix formatting/numbering and amend any corresponding numbering.

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

Commented [LS34]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [LS35]: Mof Legal to confirm relvant?

Section 4.~~3~~4 Insurance.

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

Section 4.~~4~~5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~5~~6 Negative Pledge.

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

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

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

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~5~~6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~5~~6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Indebtedness secured by Liens permitted pursuant to this Section 4.~~5~~6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~6~~7 Payment of OFA Expenses

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

Section 4.~~7~~8 Reporting.

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

Section 4.~~8~~9 Late Repayment of Advance.

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

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

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

Commented [LS36]: Why was this language changed? Failure to pay principal amount addressed below.

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

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

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

Commented [LS37]: Correct numbering

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

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

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

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

(~~f~~g) the IESO or any Material Subsidiary :

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

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

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

(A) to adjudicate it a bankrupt or insolvent,

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

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

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

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

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

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

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

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

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

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

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

If to the IESO, to it at:

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

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

If to OFA, to it at:

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

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

Commented [LS38]: Change numbering throughout and references if applicable

Commented [SH39]: Keep 'as is' since keeping Article 7.

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

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

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

Section ~~8~~7.3 Amendments.

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

Section ~~8~~7.4 Waiver.

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

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

Section ~~8~~7.5 Further Assurances.

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

Section ~~8~~7.6 Severability.

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

Section ~~8~~7.7 Governing Law.

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

Section ~~8~~7.8 Counterparts.

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

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

ONTARIO FINANCING AUTHORITY

Per: _____

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

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

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

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

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

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

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

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

(a) The Advance to which the election request applies is _____; _____; [Insert principal amount of Advance and Advance date];
(b) The ~~Repayment date of the Advance to which the election request applies, being a Business Day is _____; [insert Repayment Date of Advance];~~
~~(c) The~~new aggregate total amount of the proposed ~~election~~Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(~~d~~c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

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

The IESO hereby certifies that:

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

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

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

Commented [LS40]: See comments in agreement and amend for consistency once details are determined

Commented [WT41]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT42]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH43]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

Credit Facility Grid Note

Subject: Credit Facility - Lending to IESO
Date: Tuesday, May 09, 2017 3:44:18 PM
Attachments: History of OPA Amending Agreements.doc

Hi Will,

We have the attached request from IESO to set-up a credit facility for IESO to borrow $1,500 to fund the Fair Hydro Program. I am going to ask you to work on this file, please.

Currently, IESO has credit facilities with the OFA and OEFC.

The $975M facility referred to in the attached letter is an existing credit facility between the OFA and IESO. The original agreement for the credit facility, signed in 2005, was between the OPA and OFA. However, in 2014/2015, the OPA and IESO merged to simply form "IESO". Hence, the 2005 OPA-OFA credit facility became the OFA-IESO credit facility.

IESO is asking to either modify the $975M OFA-IESO credit facility to include an additional $1,500 with the proposed provisions in the letter **OR** to set up a new credit facility with the proposed provisions in the letter. It is not certain which route we should be going yet, and whether the credit facility for the $1500M should be with the OFA or OEFC.

The first step is to review the original $975M OFA-IESO credit facility agreement to see how the provisions that are being proposed compare to provisions in the agreement.. You'll note that there are 9 amending agreements, but Lenin has included history for eight of the agreements(attached). I believe the 9th amending agreement extends the date (among possibly amended provisions) It think the best way to do this is to prepare a chart to compare the proposed provisions (the 5 bullet points in the letter) to the existing provisions in the agreement.

The files are located here:

Z:\Users\CMB\Documentation\IESO-OPA Merger\ONTARIO POWER AUTHORITY\Credit Agreement

This file is time sensitive, so I would need a draft by end of day tomorrow, please. If you need Andrea to assist with T-Bills and IO Loans tomorrow, please let me know. Your other projects can be put on the back burner.

Thanks,
Sarah

OFA-IESO (Formerly OPA) AMENDING AGREEMENTS

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

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

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

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

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

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

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

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

A. Pivnick
July 25, 2007

Updated: Lenin Alvarez-Bravo
August 17, 2016

From:	Sarah Harris
To:	Malle Hanslep (MOF)
Cc:	Kelly Listoe; Opal Kandelas
Subject:	Cryptic request - non-disclosure agreement
Date:	Wednesday, March 29, 2017 4:25:26 PM

Hi Malle,

This is just a heads-up that we have been requested by Mike Manning to draft a non-disclosure agreement for hiring a dealer to advise on certain pricing matters for Hydro. I have very little information and Opal is seeking more detail, but I have been told that this is needed ASAP.

I don't recall Documentation ever drafting such an agreement, but perhaps you have some experience.

I am copying Kelly, as he is just finding out now that I will be asking his assistance to work on this.

I'll touch base with you in the morning when I have more detail.

Thanks,

Sarah

From:	Lisa Stein
To:	Salman Qadir
Cc:	Bruno Amara; John Kim; William Tan; Sarah Harris
Subject:	Directive IESO FHP 2017.docx
Date:	Tuesday, June 13, 2017 3:55:37 PM
Attachments:	Directive IESO FHP 2017.docx

Hi all, I have re-drafted the directive re: IESO OFA credit facility (attached, with comments). Please review and let me know if you would like to discuss further. I note that the draft directive requires that the credit agreement between the IESO and the OFA must contain terms and conditions consistent with the directive. It also refers to the draft OIC.

Lisa

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

****
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****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

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

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

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

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

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

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

Therefore:

i) **Line of Credit**

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

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

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

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread to cover the OFA's lending costs ("Cost Recovery Fee").

Commented [LS2]: Program area

- Advances under the Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

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

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

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than five years after the execution of the Credit Agreement.

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

DRAFT

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

ii) Retention of spread

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

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

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

Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

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To:	Salman Qadir
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Lisa

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

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Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From:	Sarah Harris
To:	Mike Manning
Cc:	Opal Kandelas
Subject:	Draft Non-disclosure Agreement
Date:	Wednesday, April 05, 2017 12:51:00 PM
Attachments:	GA NDA April 5.doc

Hello Mike,

Per your conversation with Opal, attached is a form of Non-Disclosure Agreement that can be sent to Ministry of Energy for their consideration.

You may note to MOE that the agreement may still require some additional detail, and that we have highlighted for them on the first page of the draft a number of issues that they may want to consider incorporating, including the clarification of the scope services provided and any relevant conflicts of interest. They may also want to consider entering into a separate agreement for advisory services, as discussed on the first page of the draft.

Thanks,

Sarah

Considerations regarding this NDA and the retention of an adviser:

Some issues that should be considered in retaining an adviser:

- Exactly what is the scope of the advice being sought. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- It should be clear who the adviser is working for, and how the advice will be presented to the Province.
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the MOE for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

MINISTER OF ENERGY
(hereinafter called "MOE")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS MOE intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province of Ontario and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
   The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]** by or on behalf of MOE for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
   Without the prior written consent of MOE, which consent may be withheld in MOE**'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

   (a) the Project Information, or any portion thereof, provided to it under this Agreement;

   (b) the fact that the Province and the **MOE** are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by **MOE** to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of **MOE** and/or the Province and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and **MOE** regarding the Project identified therein, and to provide advice and/or further information to **MOE** in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners, directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. Prior to commencing work, the Adviser/Dealer shall identify in writing to the MOE those individuals who will be primarily responsible for providing the advice/assessment to the MOE as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of MOE. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the MOE upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the MOE and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the MOE and/or the Province arising out of any breach of confidentiality by its employees, partners, directors or officers. The Adviser/Dealer acknowledges that the MOE holds the benefit of this indemnity in trust for itself and the Province and that the MOE can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a

locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the MOE **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the **MOE** and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, director or officer, shall be reported to the **MOE** by **[Adviser/Dealer]**.

9. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

10. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that **MOE** is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by **MOE** under this Agreement, **[Adviser/Dealer]** will cooperate with **MOE** in identifying records responsive to the request and responding to it in a timely manner.

11. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the MOE (or the destruction) of the Project Information provided or made available under this Agreement.

The obligations of **[Adviser/Dealer]** after the return to **MOE** of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify **MOE** of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will provide the MOE with prompt written notice and particulars so that the MOE may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the MOE and its legal counsel in obtaining any protective order or other appropriate remedy that the MOE may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the MOE, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the MOE:

(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

12. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

13. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

MINISTER OF ENERGY
by:

_____

Name: ●
Title:

[ADVISER/DEALER]
by:

_____

Name:
Title:
I have the authority to bind the company.

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 12, 2017 3:37:20 PM
Attachments:	FHP_IESO_OFA Credit Agreement (DRAFT).docx

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

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

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INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

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

AND

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

RECITALS:

WHEREAS: The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") in an aggregate principal amount of up to CAD $2,000,000,000.00.

The following terms and conditions shall apply in respect of the Line of Credit:
The Line of Credit shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of, and its participation in, the *Ontario Fair Hydro Plan Act, 2017*.

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

All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.

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

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

time.

The Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and to be entered into by the IESO and the OFA.

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

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) every capital lease obligation of such Person;

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

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

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

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

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

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

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

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current

construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

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

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

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

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

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

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

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

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

"Repayment Date" means, in respect of the repayment of Advances, the repayment date

contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

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

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

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

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

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

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

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

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

Section 1.5 Non-Business Days.

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

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

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

Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

Section 2.3 Commitment and Facility Limits

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

Section 2.4 Mandatory Repayment.

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

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

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

Section 2.7 Computations of Interest.

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

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

Section 2.8 Limit on Rate of Interest.

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

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

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

ARTICLE 3
ADVANCES

Section 3.1 Advances.

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

Commented [WT2]: Question for Lisa, other agreements stop taking advances one month before the agreement is set to expire. Since FHP has a 7 day minimum advancement should this be moved upto September 23, 2022?

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the

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

Section 3.3 Elections Regarding Advances.

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

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

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

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

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

Section 3.4 Interest on Advances.

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

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

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

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

Section 3.5 Conditions Precedent

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

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

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

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

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

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

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

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

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

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

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

(c) Permitted Liens;

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

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during

the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

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

Section 4.9 Late Repayment of Advance.

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

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

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

Commented [SH3]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other

covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

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

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

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

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

(g) the IESO or any Material Subsidiary :

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

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

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

(A) to adjudicate it a bankrupt or insolvent,

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

or

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

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

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

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

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

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

empowered, by intention in such proceeding or otherwise:

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

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

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

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

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

applicable to the IESO or any contractual or other obligation binding on the IESO;

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

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

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

Section 7.2 Successor Substituted.

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

ARTICLE 8
GENERAL

Section 8.1 Notices.

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

If to the IESO, to it at:

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

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

If to OFA, to it at:

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

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

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

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

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

Section 8.3 Amendments.

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

Section 8.4 Waiver.

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

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

Section 8.5 Further Assurances.

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

Section 8.6 Severability.

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

Section 8.7 Governing Law.

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

Section 8.8 **Counterparts.**

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

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

ONTARIO FINANCING AUTHORITY

Per: _____

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

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

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

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

Use of Funds

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

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

The IESO hereby certifies that:

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

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

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

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

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

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 12, 2017 3:37:20 PM
Attachments:	FHP_IESO_OFA Credit Agreement (DRAFT).docx

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

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

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INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

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

AND

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

RECITALS:

WHEREAS: The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") in an aggregate principal amount of up to CAD $2,000,000,000.00.

The following terms and conditions shall apply in respect of the Line of Credit:
The Line of Credit shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of, and its participation in, the *Ontario Fair Hydro Plan Act, 2017*.

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

All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.

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

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

time.

The Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and to be entered into by the IESO and the OFA.

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

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) every capital lease obligation of such Person;

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

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

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

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

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

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

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

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current

construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

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

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

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

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

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

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

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

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

"Repayment Date" means, in respect of the repayment of Advances, the repayment date

contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

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

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

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

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

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

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

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

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

Section 1.5 Non-Business Days.

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

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

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

Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

Section 2.3 Commitment and Facility Limits

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

Section 2.4 Mandatory Repayment.

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

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

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

Section 2.7 Computations of Interest.

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

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

Section 2.8 Limit on Rate of Interest.

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

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

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

ARTICLE 3
ADVANCES

Section 3.1 Advances.

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

Commented [WT2]: Question for Lisa, other agreements stop taking advances one month before the agreement is set to expire. Since FHP has a 7 day minimum advancement should this be moved upto September 23, 2022?

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the

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

Section 3.3 Elections Regarding Advances.

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

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

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

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

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

Section 3.4 Interest on Advances.

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

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

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

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

Section 3.5 Conditions Precedent

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

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

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

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

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

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

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

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

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

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

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

(c) Permitted Liens;

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

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during

the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

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

Section 4.9 Late Repayment of Advance.

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

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

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

Commented [SH3]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other

covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

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

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

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

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

(g) the IESO or any Material Subsidiary :

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

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

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

(A) to adjudicate it a bankrupt or insolvent,

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

or

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

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

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

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

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

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

empowered, by intention in such proceeding or otherwise:

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

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

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

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

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

applicable to the IESO or any contractual or other obligation binding on the IESO;

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

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

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

Section 7.2 Successor Substituted.

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

ARTICLE 8
GENERAL

Section 8.1 Notices.

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

If to the IESO, to it at:

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

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

If to OFA, to it at:

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

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

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

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

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

Section 8.3 Amendments.

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

Section 8.4 Waiver.

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

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

Section 8.5 Further Assurances.

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

Section 8.6 Severability.

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

Section 8.7 Governing Law.

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

Section 8.8 **Counterparts.**

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

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

ONTARIO FINANCING AUTHORITY

Per: _____

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

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

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

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

Use of Funds

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

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

The IESO hereby certifies that:

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

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

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

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

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

From:	Opal Kandelas
To:	Sarah Harris
Subject:	FHP
Date:	Wednesday, May 31, 2017 9:36:24 AM
Attachments:	Financing Trust - Performance Fee Recommendation.doc FW Draft GA Sub debt term sheet - Performance Fee Recommendations.msg Fwd Draft GA Sub debt term sheet.msg FW OFHP - Outstanding business issues - new note#5 IESO.msg FW Equity Injection Term Sheet.msg RE Provincial Support Term Sheet.msg FW EXTERNAL RE Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust.msg

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Hi Sarah,

The FHP seems to be taking shape but (as should be reasonably expected) much of the information is coming to me in bits and pieces. Would be good to have a Doc staff familiar with this as more info becomes available or is being developed. It's being kept at a fairly high level at this time, but don't want to be surprised if Documentation is needed to jump in. I've included the emails on the subject to help provide some context – they aren't all helpful though. What I've sent is for review and provide opportunity to comment as well as to ask questions.

Docs for review/comment/question:

Financing Trust- Performance Fee Recommendation

Subordinated Debt Term Sheet

Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1

Term Sheet Master Subscription draft May 26

Provincial Support Agreement May 12 MOF draft comments

Term Sheet – Provincial Support Agreement May 12

Compare Term Sheet Provincial Support Agreement Term Sheet

Thanks,

Opal.

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

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

ANALYSIS OF ACCOUNTING REQUIREMENT

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

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

PERFORMANCE FEE ANALYSIS

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

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

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

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

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

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

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

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

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

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

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

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

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

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

From: Carlos Yep []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; John Psinas [John.Psinas@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; 'Montgomery, Kaitlin (MOF)' [Kaitlin.Montgomery@ontario.ca]
Subject: FW: Draft GA Sub debt term sheet - Performance Fee Recommendations
Date: Wednesday, May 31, 2017 09:05:46
Attachment 1: Financing Trust - Performance Fee Recommendation.doc

---

fyi

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

Carlos,

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

Sheen

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

Carlos,

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

Thanks

Sheen

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

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FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

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

ANALYSIS OF ACCOUNTING REQUIREMENT

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

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

PERFORMANCE FEE ANALYSIS

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

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

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

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

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

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

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

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

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

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

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

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

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

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

From: Carlos Yep []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; John Psinas [John.Psinas@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Kaitlin.Montgomery@ontario.ca [Kaitlin.Montgomery@ontario.ca]
Subject: Fwd: Draft GA Sub debt term sheet
Date: Tuesday, May 30, 2017 16:32:25
Attachment 1: Draft Subordianted Debt Term Sheet.doc
Attachment 2: ATT00001.htm

Begin forwarded message:

From: LIU Sheen -TREASURY <sheen.liu@opg.com>
Date: May 30, 2017 at 4:26:00 PM EDT
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, PRESTON Stuart -TREASURY <stuart.preston@opg.com>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com>
Subject: Draft GA Sub debt term sheet

Carlos,

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

Thanks

Sheen

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Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

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

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

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

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

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

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

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

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

From: Carlos Yep []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
CC: Mike Manning [Mike.Manning@ofina.on.ca]
Subject: FW: OFHP - Outstanding business issues - new note#5 IESO
Date: Tuesday, May 30, 2017 14:27:56
Attachment 1: Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1.docx

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-----Original Message-----
From: Carlos Yep
Sent: Tuesday, May 30, 2017 12:21 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

fyi

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, May 30, 2017 11:28 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

Outstanding Business Issues – Ontario Fair Hydro Plan
Briefing Note

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

BUSINESS ISSUES

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

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

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

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

4. Management Fees

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

5. IESO – Increased Credit Facilities

- The OPG financing entity has the right to purchase the regulatory asset from IESO but does not have to purchase it.
- IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
- **Next Steps:**
    - OFA is …..
    - Timing: ……

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From: Carlos Yep []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
Subject: FW: Equity Injection Term Sheet
Date: Tuesday, May 30, 2017 12:16:51
Attachment 1: Term Sheet_Master Subscription_draftMay26.docx

---

fyi

From: Carlos Yep
Sent: Tuesday, May 30, 2017 8:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, May 30, 2017 8:23 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Equity Injection Term Sheet

Thanks Carlos.

In the previous H1 related loans, the Minister of Energy signed the share purchase agreement and the Minister of Finance signed the loan agreement under the authority of an OIC. OFA staff act on behalf of the Minister of Finance in taking certain actions related to the loan. I am not sure that the Minister of Energy can delegate authority under the share purchase agreement for this equity injection (i.e. to make a decision to purchase shares) in the same way that OFA staff would deal with actions under a loan agreement. It may be that if there needs to be some quick turn-around in relation to funding OPG via the equity injection that maybe there might be a services agreement between the OFA and the Ministry of Energy. Perhaps, this only refers to how the money is being flowed and is more of a back-office function, and someone at the Ministry of Energy directs the OFA to take the action.

We will take a look at this term sheet too and provide some comments and questions.

Thanks.

Malle

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: May 30, 2017 7:58 AM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Equity Injection Term Sheet

fyi

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

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

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

Let me know if you have any questions.
Kaitlin

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Fair Hydro Plan –Master Subscription Agreement
Term Sheet

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

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Monthly Process/Mechanics of Share Subscriptions:

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

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

Documents/steps:

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

b) OFA and OPG settle equity injection amounts

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

Documents/steps:

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

(ii) funds transfer from OFA to OPG account)

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

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

Longer term Process/Approvals:

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

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

Share Redemption Process

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

From: Malle Hanslep (MOF) []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Carlos Yep [Carlos.Yep@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Ronald Kwan [Ronald.Kwan@ofina.on.ca]
CC: Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]
Subject: RE: Provincial Support Term Sheet
Date: Monday, May 29, 2017 12:40:25
Attachment 1: Prov Support Agt May 12 MOF draft comments.docx

---

Hi all,

Here is our issues list.

Malle

From: Hanslep, Malle (MOF)
Sent: May 29, 2017 9:18 AM
To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Support Term Sheet

Hi all,

We are also putting together an issues list for discussion with Energy Legal and Blakes and will share it with you as well.

Is there any type of draft term sheet for the proposed financing transaction itself or the master sales and servicing agreement? Any general description of the proposed transaction would be helpful to us.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: May 26, 2017 3:16 PM
To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: Provincial Support Term Sheet

Hi all,

Further to our meeting on Wednesday, Toby and I have now been in touch with Energy Legal regarding the term sheet and will be attending a meeting with counsel at Blakes next Wednesday morning.

Best,

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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CONFIDENTIAL AND PRIVILEGED LEGAL ADVICE

ISSUES LIST – PROVINCIAL SUPPORT AGREEMENT DRAFT MAY 12, 2017

1. Guarantor will be the Minister of Energy and the Minister of Finance on behalf of the Province (see. 5(3) of proposed Fair Hydro Act, 2017).

2. Description of proposed beneficiaries of guarantee is very broad. Provides that beneficiary is Indenture trustee under master trust indenture on behalf of itself and all persons that have claims against a Financing Entity secured under the master trust indenture. Persons range from the Financial Services Manager (OPG) to holders of various types of debt and hedge counterparties. Need to clarify which obligations the Province is being requested to guarantee and under what various agreements to determine scope and limit of guarantee. Is there a term sheet for the proposed financing to be issued by the Financing Entity? Is there a request for a guarantee of payment on other back-up or ancillary borrowing and obligations other than those issued in the market? Is there a draft of the Master Trust Indenture?

3. Why does the term of the guarantee continue for one year after the obligations have been repaid?

4. Performance Guarantee – This is also a very broad guarantee of performance of the IESO and all electricity services providers in favour of the same broad group of beneficiaries. How can the Province ensure that these entities perform their obligations practically? Also the Province is to protect beneficiaries from any commingling risk. It is noted that in the event the performance guarantee is unenforceable against the Province, there would be a separate legal obligation in the provincial support agreement to indemnify beneficiaries for any losses. Would there be any trigger events applicable to the obligation to indemnify as there are for the payment guarantee. If not, is this an issue for accounting treatment purposes? Also, is there an overlap between the performance and payment guarantee? So long as the funding obligations are paid on time by the financing entity, is there a need for other guarantees from the Province? Note that the Province does have immunity from specific types of enforcement under the Proceedings against the Crown Act. Is there a sample term sheet for the Master Sale and Servicing Agreement? Which provisions of the proposed bill are being relied on for this – is it section 5(2)? section 33. There doesn't seem to be a mechanism in the Act to replace the IESO as servicer. Should the Guarantee specify that the Province can appoint a replacement servicer?

5. Payment Guarantee Event – Regarding (B) and (C), the interpretation of when the triggering event has occurred will be an issue – is there a way to make it more objective or how can this be handled if there is a dispute? Regarding (D), think that there is going to be more discussion of the need for this provision from a business perspective. However, is this assuming, that the Province is guaranteeing both long term and short

term funding obligations? Need to clarify when and which obligations the province will be guaranteeing?

6. Payment Guarantee – Again it will be necessary to clarify which obligations the province is guaranteeing to understand what the range of payments to be made are. Also, (y) does not seem acceptable to the Province from a business perspective.

7. Limits under Guarantee – The guarantee wording should be clear so that the Province is guaranteeing payment of certain debt or specific obligations only and the Province's liability should be capped. Province should not be exposed to the risk of any other types of damages or losses.

8. Priority of Payments – Until we know who the beneficiaries are and with respect to what obligations, it is difficult to comment on this.

9. Subrogation – Need to ensure that the Province has appropriate recovery rights and not sure that it is appropriate that all beneficiaries are paid in full before Province gets subrogation rights. Also there is no acceleration here and Province really pays on an ongoing basis so how should subrogation work in such a case.

10. Conditions Precedent – Need to know what they are proposed to be.

11. Representations – Need to know what they are proposed to be as Province does not typically provide representations in connection with guarantees it provides.

12. Confidentiality Obligations – Thought the guarantee is part of a public financing so wouldn't the terms all be known?

13. Legal Opinions – Content, who will be providing them and to whom would they be provided.

General Questions on proposed legislation and interaction with guarantee:

14. General review of relevant sections would be appreciated and how the provisions fit with the requirements of the financing. In particular, s. 5, 13, 19, 21, 22, 33, 41 par 7

Ministry of Finance LSB
May 29, 2017

From: Mike Manning []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date: Tuesday, May 16, 2017 14:55:36
Attachment 1: image001.jpg
Attachment 2: Term Sheet - Provincial Support Agreement - May 12.docx
Attachment 3: Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, May 15, 2017 2:01 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Mike:
Attached is the Dealers latest markup for the Provincial Support Agreement. Their changes center primarily with the Market Disruption.
We can arrange a call to discuss the dealer position.
John
From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Friday, May 12, 2017 6:10 PM
To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; "Benaiah, Ian' (ian.benaiah@rbccm.com)'; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
Subject: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Please find enclosed a revised draft of the Term Sheet for the Provincial Support Agreement.
Regards, Rocco
From: Persaud, Donnie - Debt Capital Markets [mailto:Donnie.Persaud@cibc.com]
Sent: Tuesday, April 25, 2017 6:34 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Innes, Michael <MInnes@osler.com>; Smith, Elliot <ESmith@osler.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq <Shariq.Alvi@cibc.com>; "Benaiah, Ian' (ian.benaiah@rbccm.com)' <ian.benaiah@rbccm.com>; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)' <vickie.turnbull@rbccm.com>; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'

<david.dalbello@rbccm.com>; Milligan, Peter <PMilligan@osler.com>; 'Murray, Tim (tim.murray@rbccm.com)' <tim.murray@rbccm.com>; Khanna, Raj - Corporate Banking <Raj.Khanna@CIBC.ca>; 'Niehaus, Katrina' <Katrina.Niehaus@gs.com>; 'Mullen, Max M.' <Max.Mullen@gs.com>; 'Collins, Patrick J (Patrick.Collins@gs.com)' <Patrick.Collins@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>
Cc: Peric, Christiane <Christiane.Peric@cibc.com>
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Please see attached.
Donnie Persaud | Executive Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto ON M5J 2S8 | Tel: 416-594-7511 | Fax: 416-594-7760 | donnie.persaud@cibc.com

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Tuesday, April 25, 2017 4:54 PM
To: Persaud, Donnie - Debt Capital Markets
Cc: WONG Leslie -LAWDIV; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Donnie:
Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. This draft document reflects the Province initial thoughts. Stu will coordinate this agreement from our end.
John

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CIBC

Provincial Support Agreement Term Sheet

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") on behalf of itself and all other persons having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.

[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee:	Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result.
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) the Legislative Assembly of Ontario repeals the Act; or (B) the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.

Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.

Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Provincial Support Agreement Term Sheet~~—~~

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The ~~trust company acting as~~ indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") ~~acting for the benefit of~~on behalf of itself and all other persons ~~who may have contractual~~having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") ~~(~~including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee~~ and~~, the trustee of the Financing Entity[1]~~)~~ if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2]1 after all ~~Funding Obligations~~funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.
Performance Guarantee:	~~**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under~~Under the Master Sale and Servicing Agreement ~~between IESO, as seller and servicer,~~to be entered into by IESO and the Financing Entity~~, as purchaser~~, **[and OPG as Financial Services Manager]** ("**MSSA**")~~.~~, IESO will have obligations both

[1] ~~We have assumed that the initial Financing Entity will be a trust.~~

[2]1 This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

	as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the ~~Indenture Trustee~~Beneficiaries for any losses that result.
~~**Performance Guarantee Event:**~~	~~A "Servicer Default" occurs under the MSSA[3]~~
~~**Payment Guarantee:**~~	~~**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.~~
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) ~~if~~ the Legislative Assembly of Ontario repeals the Act; or (B) ~~if~~ the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) ~~if~~ a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment

[3] ~~Each Servicer Default will include its own cure period before the event becomes a Servicer Default.~~
[4] ~~To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.~~

	interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.
Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year]** shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid ~~a Beneficiary~~all Beneficiaries in full, to the extent of such ~~payment,~~payments the Guarantor ~~is~~shall be subrogated in and to all the rights of recovery of ~~such~~the Beneficiar~~y~~ies in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all ~~amounts~~indebtedness and obligations owing to ~~a~~the Beneficiar~~y~~ies,

	the Indenture Trustee will acknowledge and agree on behalf of ~~such~~the Beneficiar~~y~~ies that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiar~~y~~ies ha~~s~~ve or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a ~~Performance Guarantee Event or~~ Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~5~~[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

~~5~~[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

From: William Tan
To: Sarah Harris
Subject: FHP, Promissory note. OFA borrow from Province
Date: Thursday, June 08, 2017 2:35:15 PM
Attachments: Draft FHP, OFA borrow from Province.rtf
Grid, FHP OFA borrow from Province.pdf
675 prom note.pdf
ofa queen 2009.pdf

Hello Sarah,

Attached is draft FHP, OFA borrowing from the Province promissory note. I have included my comments. The safe had a more current promissory note from 2009.

Let's discuss when you have time.

Best regards,

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

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) $2.0 billion; or
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed $2.0 billion;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

~~(b)~~(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principle amount of the loan outstanding at any time shall not exceed $2.0 billion;

~~(c)~~(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

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Commented [WT1]: Paragraph C, (revolving credit facility) was in the 675/1997 Promissory Note but not in the 2009 promissory note.

Commented [WT2]: 675/1997 appears differently. “as at the auction date immediately preceding the Reset Date for such ninety day period”.

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 40 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(g) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees

Commented [WT3]: 675/1997 – 25 basis points
2009 – 40 basis points

Commented [WT4]: New paragraph. 2009 compared to 1997.

Commented [WT5]: New paragraph 2009 compared to 1997.

Commented [WT6]: New paragraph 2009 compared to 1997.

that in the absence of manifest enor the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 130~~st~~~~th~~ day of July~~March~~, 201709.

Commented [WT7]: Should we use an earlier date?

Ontario Financing Authority

Per:
Gadi Mayman
Chief Executive Officer

Formatted: Indent: Left: 0"

Advances of Principle

TKT #	DOC #	TRADE DATE	INT RESET DATE	# DAYS	INT. REF: T-Bill or OFA Loan or OFA Loan less 40 bps	INT RATE	ADVANCE	ACCRUED INT.	TOTAL ADVANCES

OFA loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of;

(i) Two Billion One Hundred and Sixty Million Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires;

(b) the Borrower shall be entitled to repay Advances plus accrued interest either in whole or in part and at such time or times as it determines provided that all Advances plus accrued interest shall be fully repaid by August 31, 2027;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Fifty-Five Million Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned may be adjusted at the option of the Borrower effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less 25 basis points,

rather than the rate specified in subparagraph (i), until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full; and

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Dated this day of , 1997.

Ontario Financing Authority

per:_____
Executive Director

ADVANCES OF PRINCIPAL

TKT #	DOC #	TRADE DATE	INT RESET DATE	# DAYS	INT. REF: T-Bill or OFA Loan or OFA Loan less 25 bps	INT RATE	ADVANCE	ACCRUED INT.	TOTAL ADVANCES

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) $1.7 billion; or
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed $1.7 billion;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 1, 2037;

(c) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 40 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

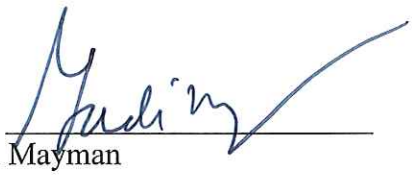
(g) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees

that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 30th day of March, 2009.

Ontario Financing Authority

Per: 
Gadi Mayman
Chief Executive Officer

From: William Tan
To: Sarah Harris
Subject: FHP, Promissory note. OFA borrow from Province
Date: Thursday, June 08, 2017 2:35:15 PM
Attachments: Draft FHP, OFA borrow from Province.rtf
Grid, FHP OFA borrow from Province.pdf
675 prom note.pdf
ofa queen 2009.pdf

Hello Sarah,

Attached is draft FHP, OFA borrowing from the Province promissory note. I have included my comments. The safe had a more current promissory note from 2009.

Let's discuss when you have time.

Best regards,

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

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) $2.0 billion; or
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed $2.0 billion;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

~~(b)~~(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principle amount of the loan outstanding at any time shall not exceed $2.0 billion;

~~(c)~~(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

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Commented [WT1]: Paragraph C, (revolving credit facility) was in the 675/1997 Promissory Note but not in the 2009 promissory note.

Commented [WT2]: 675/1997 appears differently. “as at the auction date immediately preceding the Reset Date for such ninety day period”.

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 40 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(g) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees

Commented [WT3]: 675/1997 – 25 basis points
2009 – 40 basis points

Commented [WT4]: New paragraph. 2009 compared to 1997.

Commented [WT5]: New paragraph 2009 compared to 1997.

Commented [WT6]: New paragraph 2009 compared to 1997.

that in the absence of manifest enor the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 130~~st~~~~th~~ day of July~~March~~, 201709.

Commented [WT7]: Should we use an earlier date?

Ontario Financing Authority

Per:
Gadi Mayman
Chief Executive Officer

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Advances of Principle

TKT #	DOC #	TRADE DATE	INT RESET DATE	# DAYS	INT. REF: T-Bill or OFA Loan or OFA Loan less 40 bps	INT RATE	ADVANCE	ACCRUED INT.	TOTAL ADVANCES

OFA loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of;

(i) Two Billion One Hundred and Sixty Million Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires;

(b) the Borrower shall be entitled to repay Advances plus accrued interest either in whole or in part and at such time or times as it determines provided that all Advances plus accrued interest shall be fully repaid by August 31, 2027;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Fifty-Five Million Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned may be adjusted at the option of the Borrower effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less 25 basis points,

rather than the rate specified in subparagraph (i), until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full; and

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Dated this day of , 1997.

Ontario Financing Authority

per:_____
Executive Director

ADVANCES OF PRINCIPAL

TKT #	DOC #	TRADE DATE	INT RESET DATE	# DAYS	INT. REF: T-Bill or OFA Loan or OFA Loan less 25 bps	INT RATE	ADVANCE	ACCRUED INT.	TOTAL ADVANCES

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) $1.7 billion; or
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed $1.7 billion;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 1, 2037;

(c) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 40 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

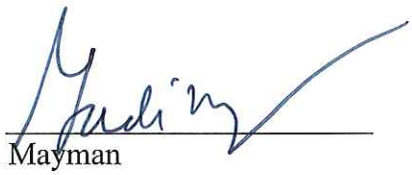
(g) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees

that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 30th day of March, 2009.

Ontario Financing Authority

Per: 
Gadi Mayman
Chief Executive Officer

From:	Opal Kandelas
To:	Sarah Harris
Subject:	FHP
Date:	Wednesday, May 31, 2017 9:36:24 AM
Attachments:	Financing Trust - Performance Fee Recommendation.doc FW Draft GA Sub debt term sheet - Performance Fee Recommendations.msg Fwd Draft GA Sub debt term sheet.msg FW OFHP - Outstanding business issues - new note#5 IESO.msg FW Equity Injection Term Sheet.msg RE Provincial Support Term Sheet.msg FW EXTERNAL RE Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust.msg

---

Hi Sarah,

The FHP seems to be taking shape but (as should be reasonably expected) much of the information is coming to me in bits and pieces. Would be good to have a Doc staff familiar with this as more info becomes available or is being developed. It's being kept at a fairly high level at this time, but don't want to be surprised if Documentation is needed to jump in. I've included the emails on the subject to help provide some context – they aren't all helpful though. What I've sent is for review and provide opportunity to comment as well as to ask questions.

Docs for review/comment/question:

Financing Trust- Performance Fee Recommendation

Subordinated Debt Term Sheet

Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1

Term Sheet Master Subscription draft May 26

Provincial Support Agreement May 12 MOF draft comments

Term Sheet – Provincial Support Agreement May 12

Compare Term Sheet Provincial Support Agreement Term Sheet

Thanks,

Opal.

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

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

ANALYSIS OF ACCOUNTING REQUIREMENT

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

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

PERFORMANCE FEE ANALYSIS

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

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

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

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

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

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

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

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

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

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

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

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

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

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

From: Carlos Yep []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; John Psinas [John.Psinas@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; 'Montgomery, Kaitlin (MOF)' [Kaitlin.Montgomery@ontario.ca]
Subject: FW: Draft GA Sub debt term sheet - Performance Fee Recommendations
Date: Wednesday, May 31, 2017 09:05:46
Attachment 1: Financing Trust - Performance Fee Recommendation.doc

---

fyi

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

Carlos,

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

Sheen

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

Carlos,

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

Thanks

Sheen

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

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FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

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

From: Carlos Yep []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; John Psinas [John.Psinas@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Kaitlin.Montgomery@ontario.ca [Kaitlin.Montgomery@ontario.ca]
Subject: Fwd: Draft GA Sub debt term sheet
Date: Tuesday, May 30, 2017 16:32:25
Attachment 1: Draft Subordianted Debt Term Sheet.doc
Attachment 2: ATT00001.htm

Begin forwarded message:

From: LIU Sheen -TREASURY <sheen.liu@opg.com>
Date: May 30, 2017 at 4:26:00 PM EDT
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, PRESTON Stuart -TREASURY <stuart.preston@opg.com>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com>
Subject: Draft GA Sub debt term sheet

Carlos,

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

Thanks

Sheen

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Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

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

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

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

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

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

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

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

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

From: Carlos Yep []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
CC: Mike Manning [Mike.Manning@ofina.on.ca]
Subject: FW: OFHP - Outstanding business issues - new note#5 IESO
Date: Tuesday, May 30, 2017 14:27:56
Attachment 1: Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1.docx

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-----Original Message-----
From: Carlos Yep
Sent: Tuesday, May 30, 2017 12:21 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

fyi

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, May 30, 2017 11:28 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

Outstanding Business Issues – Ontario Fair Hydro Plan
Briefing Note

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

BUSINESS ISSUES

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

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

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

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

4. Management Fees

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

5. IESO – Increased Credit Facilities

- The OPG financing entity has the right to purchase the regulatory asset from IESO but does not have to purchase it.
- IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
- **Next Steps:**
    - OFA is …..
    - Timing: ……

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From: Carlos Yep []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
Subject: FW: Equity Injection Term Sheet
Date: Tuesday, May 30, 2017 12:16:51
Attachment 1: Term Sheet_Master Subscription_draftMay26.docx

---

fyi

From: Carlos Yep
Sent: Tuesday, May 30, 2017 8:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, May 30, 2017 8:23 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Equity Injection Term Sheet

Thanks Carlos.

In the previous H1 related loans, the Minister of Energy signed the share purchase agreement and the Minister of Finance signed the loan agreement under the authority of an OIC. OFA staff act on behalf of the Minister of Finance in taking certain actions related to the loan. I am not sure that the Minister of Energy can delegate authority under the share purchase agreement for this equity injection (i.e. to make a decision to purchase shares) in the same way that OFA staff would deal with actions under a loan agreement. It may be that if there needs to be some quick turn-around in relation to funding OPG via the equity injection that maybe there might be a services agreement between the OFA and the Ministry of Energy. Perhaps, this only refers to how the money is being flowed and is more of a back-office function, and someone at the Ministry of Energy directs the OFA to take the action.

We will take a look at this term sheet too and provide some comments and questions.

Thanks.

Malle

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: May 30, 2017 7:58 AM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Equity Injection Term Sheet

fyi

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

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

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

Let me know if you have any questions.
Kaitlin

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

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

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

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Monthly Process/Mechanics of Share Subscriptions:

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

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

Documents/steps:

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

b) OFA and OPG settle equity injection amounts

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

Documents/steps:

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

(ii) funds transfer from OFA to OPG account)

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

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

Longer term Process/Approvals:

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

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

Share Redemption Process

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

From: Malle Hanslep (MOF) []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Carlos Yep [Carlos.Yep@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Ronald Kwan [Ronald.Kwan@ofina.on.ca]
CC: Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]
Subject: RE: Provincial Support Term Sheet
Date: Monday, May 29, 2017 12:40:25
Attachment 1: Prov Support Agt May 12 MOF draft comments.docx

---

Hi all,

Here is our issues list.

Malle

From: Hanslep, Malle (MOF)
Sent: May 29, 2017 9:18 AM
To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Support Term Sheet

Hi all,

We are also putting together an issues list for discussion with Energy Legal and Blakes and will share it with you as well.

Is there any type of draft term sheet for the proposed financing transaction itself or the master sales and servicing agreement? Any general description of the proposed transaction would be helpful to us.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: May 26, 2017 3:16 PM
To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: Provincial Support Term Sheet

Hi all,

Further to our meeting on Wednesday, Toby and I have now been in touch with Energy Legal regarding the term sheet and will be attending a meeting with counsel at Blakes next Wednesday morning.

Best,

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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CONFIDENTIAL AND PRIVILEGED LEGAL ADVICE

ISSUES LIST – PROVINCIAL SUPPORT AGREEMENT DRAFT MAY 12, 2017

1. Guarantor will be the Minister of Energy and the Minister of Finance on behalf of the Province (see. 5(3) of proposed Fair Hydro Act, 2017).

2. Description of proposed beneficiaries of guarantee is very broad. Provides that beneficiary is Indenture trustee under master trust indenture on behalf of itself and all persons that have claims against a Financing Entity secured under the master trust indenture. Persons range from the Financial Services Manager (OPG) to holders of various types of debt and hedge counterparties. Need to clarify which obligations the Province is being requested to guarantee and under what various agreements to determine scope and limit of guarantee. Is there a term sheet for the proposed financing to be issued by the Financing Entity? Is there a request for a guarantee of payment on other back-up or ancillary borrowing and obligations other than those issued in the market? Is there a draft of the Master Trust Indenture?

3. Why does the term of the guarantee continue for one year after the obligations have been repaid?

4. Performance Guarantee – This is also a very broad guarantee of performance of the IESO and all electricity services providers in favour of the same broad group of beneficiaries. How can the Province ensure that these entities perform their obligations practically? Also the Province is to protect beneficiaries from any commingling risk. It is noted that in the event the performance guarantee is unenforceable against the Province, there would be a separate legal obligation in the provincial support agreement to indemnify beneficiaries for any losses. Would there be any trigger events applicable to the obligation to indemnify as there are for the payment guarantee. If not, is this an issue for accounting treatment purposes? Also, is there an overlap between the performance and payment guarantee? So long as the funding obligations are paid on time by the financing entity, is there a need for other guarantees from the Province? Note that the Province does have immunity from specific types of enforcement under the Proceedings against the Crown Act. Is there a sample term sheet for the Master Sale and Servicing Agreement? Which provisions of the proposed bill are being relied on for this – is it section 5(2)? section 33. There doesn't seem to be a mechanism in the Act to replace the IESO as servicer. Should the Guarantee specify that the Province can appoint a replacement servicer?

5. Payment Guarantee Event – Regarding (B) and (C), the interpretation of when the triggering event has occurred will be an issue – is there a way to make it more objective or how can this be handled if there is a dispute? Regarding (D), think that there is going to be more discussion of the need for this provision from a business perspective. However, is this assuming, that the Province is guaranteeing both long term and short

term funding obligations? Need to clarify when and which obligations the province will be guaranteeing?

6. Payment Guarantee – Again it will be necessary to clarify which obligations the province is guaranteeing to understand what the range of payments to be made are. Also, (y) does not seem acceptable to the Province from a business perspective.

7. Limits under Guarantee – The guarantee wording should be clear so that the Province is guaranteeing payment of certain debt or specific obligations only and the Province's liability should be capped. Province should not be exposed to the risk of any other types of damages or losses.

8. Priority of Payments – Until we know who the beneficiaries are and with respect to what obligations, it is difficult to comment on this.

9. Subrogation – Need to ensure that the Province has appropriate recovery rights and not sure that it is appropriate that all beneficiaries are paid in full before Province gets subrogation rights. Also there is no acceleration here and Province really pays on an ongoing basis so how should subrogation work in such a case.

10. Conditions Precedent – Need to know what they are proposed to be.

11. Representations – Need to know what they are proposed to be as Province does not typically provide representations in connection with guarantees it provides.

12. Confidentiality Obligations – Thought the guarantee is part of a public financing so wouldn't the terms all be known?

13. Legal Opinions – Content, who will be providing them and to whom would they be provided.

General Questions on proposed legislation and interaction with guarantee:

14. General review of relevant sections would be appreciated and how the provisions fit with the requirements of the financing. In particular, s. 5, 13, 19, 21, 22, 33, 41 par 7

Ministry of Finance LSB
May 29, 2017

From: Mike Manning []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date: Tuesday, May 16, 2017 14:55:36
Attachment 1: image001.jpg
Attachment 2: Term Sheet - Provincial Support Agreement - May 12.docx
Attachment 3: Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, May 15, 2017 2:01 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Mike:
Attached is the Dealers latest markup for the Provincial Support Agreement. Their changes center primarily with the Market Disruption.
We can arrange a call to discuss the dealer position.
John
From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Friday, May 12, 2017 6:10 PM
To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; "Benaiah, Ian' (ian.benaiah@rbccm.com)'; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
Subject: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Please find enclosed a revised draft of the Term Sheet for the Provincial Support Agreement.
Regards, Rocco
From: Persaud, Donnie - Debt Capital Markets [mailto:Donnie.Persaud@cibc.com]
Sent: Tuesday, April 25, 2017 6:34 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Innes, Michael <MInnes@osler.com>; Smith, Elliot <ESmith@osler.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq <Shariq.Alvi@cibc.com>; "Benaiah, Ian' (ian.benaiah@rbccm.com)' <ian.benaiah@rbccm.com>; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)' <vickie.turnbull@rbccm.com>; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'

<david.dalbello@rbccm.com>; Milligan, Peter <PMilligan@osler.com>; 'Murray, Tim (tim.murray@rbccm.com)' <tim.murray@rbccm.com>; Khanna, Raj - Corporate Banking <Raj.Khanna@CIBC.ca>; 'Niehaus, Katrina' <Katrina.Niehaus@gs.com>; 'Mullen, Max M.' <Max.Mullen@gs.com>; 'Collins, Patrick J (Patrick.Collins@gs.com)' <Patrick.Collins@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>
Cc: Peric, Christiane <Christiane.Peric@cibc.com>
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Please see attached.
Donnie Persaud | Executive Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto ON M5J 2S8 | Tel: 416-594-7511 | Fax: 416-594-7760 | donnie.persaud@cibc.com

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Tuesday, April 25, 2017 4:54 PM
To: Persaud, Donnie - Debt Capital Markets
Cc: WONG Leslie -LAWDIV; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Donnie:
Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. This draft document reflects the Province initial thoughts. Stu will coordinate this agreement from our end.
John

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CIBC

Provincial Support Agreement Term Sheet

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") on behalf of itself and all other persons having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.

[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee:	Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result.
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) the Legislative Assembly of Ontario repeals the Act; or (B) the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.

Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.

Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Provincial Support Agreement Term Sheet~~—~~

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The ~~trust company acting as~~ indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") ~~acting for the benefit of~~on behalf of itself and all other persons ~~who may have contractual~~having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") ~~(~~including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee~~ and~~, the trustee of the Financing Entity[1]~~)~~ if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2]1 after all ~~Funding Obligations~~funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.
Performance Guarantee:	~~**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under~~Under the Master Sale and Servicing Agreement ~~between IESO, as seller and servicer,~~to be entered into by IESO and the Financing Entity~~, as purchaser~~, **[and OPG as Financial Services Manager]** ("**MSSA**")~~.~~, IESO will have obligations both

[1] ~~We have assumed that the initial Financing Entity will be a trust.~~

[2]1 This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

	as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the ~~Indenture Trustee~~Beneficiaries for any losses that result.
~~**Performance Guarantee Event:**~~	~~A "Servicer Default" occurs under the MSSA[3]~~
~~**Payment Guarantee:**~~	~~**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.~~
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) ~~if~~ the Legislative Assembly of Ontario repeals the Act; or (B) ~~if~~ the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) ~~if~~ a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment

[3] ~~Each Servicer Default will include its own cure period before the event becomes a Servicer Default.~~
[4] ~~To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.~~

	interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.
Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year]** shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid ~~a Beneficiary~~all Beneficiaries in full, to the extent of such ~~payment,~~payments the Guarantor ~~is~~shall be subrogated in and to all the rights of recovery of ~~such~~the Beneficiar~~y~~ies in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all ~~amounts~~indebtedness and obligations owing to ~~a~~the Beneficiar~~y~~ies,

	the Indenture Trustee will acknowledge and agree on behalf of ~~such~~the Beneficiar~~y~~ies that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiar~~y~~ies ha~~s~~ve or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a ~~Performance Guarantee Event or~~ Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~5~~[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

~~5~~[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

From:	Sarah Harris
To:	Kelly Listoe
Subject:	FW:
Date:	Thursday, April 13, 2017 11:11:34 AM
Attachments:	TD Province of Ontario NDA v2.doc

From: Mike Manning
Sent: Thursday, April 13, 2017 11:02 AM
To: Sarah Harris
Subject: FW:

Hi Sarah:

As we discussed.

Mike

From: Holloway, Harold [mailto:Harold.Holloway@tdsecurities.com]
Sent: Thursday, April 13, 2017 10:18 AM
To: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Thom, Trevor <Trevor.Thom@tdsecurities.com>
Subject:

Scott,

As discussed yesterday, I attach a Non-Disclosure Agreement relating to the Fair Hydro Plan and GA Deferral Financing. I hope this is helpful. It is a form which TD has used in the past and we are happy to execute it. Please let me know if you have any questions.

Have a great long weekend.

Harold

Harold R. Holloway | Managing Director, Head of Power and Utilities
Investment Banking, Global Energy and Power Group | **TD Securities Inc.**
TD Tower 8th floor, 66 Wellington Street West, Toronto, ON M5K1A2
T: 416 308 9091 | M: 416 270 5096 | F: 416 983 3176
harold.holloway@tdsecurities.com

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2. ***Protection and Non-Disclosure of Confidential Information.*** TD covenants and agrees that it shall protect the Confidential Information from harm, loss, theft and unauthorized access and that, except as provided herein, it shall not disclose any Confidential Information to any person or use the Confidential Information for any purpose except to the limited extent necessary to assist the Company in evaluating, negotiating and implementing the Transactions. Without limiting the generality of the foregoing, TD shall use at least the same degree of care, but no less than reasonable care, to avoid unauthorized disclosure or use of the Confidential Information as it employs in respect of its own Confidential Information of like importance. Without the prior consent of the other Party and except as otherwise provided herein, neither Party will, and each Party will direct its respective Representatives not to, disclose to any other person: (i) the existence and content of this Agreement; and (ii) the fact that discussions are taking place between the Parties concerning the Transactions.

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AGREED:

THE PROVINCE OF ONTARIO	**TD SECURITIES INC.**
By:_____	By:_____
Name:_____	Name: Trevor Thom
Title:_____	Title: Managing Director and Group Head, Government Finance

From:	Mike Manning
To:	Sarah Harris
Subject:	FW:
Date:	Thursday, April 13, 2017 11:01:54 AM
Attachments:	TD Province of Ontario NDA v2.doc

Hi Sarah:

As we discussed.

Mike

From: Holloway, Harold [mailto:Harold.Holloway@tdsecurities.com]

Sent: Thursday, April 13, 2017 10:18 AM

To: Scott Nelms (ENERGY)

Cc: Mike Manning ; Thom, Trevor

Subject:

Scott,

As discussed yesterday, I attach a Non-Disclosure Agreement relating to the Fair Hydro Plan and GA Deferral Financing. I hope this is helpful. It is a form which TD has used in the past and we are happy to execute it. Please let me know if you have any questions.

Have a great long weekend.

Harold

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Subject:	FW:
Date:	Thursday, April 13, 2017 11:01:54 AM
Attachments:	TD Province of Ontario NDA v2.doc

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Sent: Thursday, April 13, 2017 10:18 AM
To: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Thom, Trevor <Trevor.Thom@tdsecurities.com>
Subject:

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By:_____	By:_____
Name:_____	Name: Trevor Thom
Title:_____	Title: Managing Director and Group Head, Government Finance

From: Andrea Dalgarno
To: Sarah Harris
Subject: FW: (Draft Response) OFA Loan Update as at May 5, 2017
Date: Wednesday, May 17, 2017 12:34:36 PM
Attachments: OFA Loan OICs 05-May-17 (to CF).xlsx

Hi,
I added the two OIC numbers.
Attached is revised file without TAS rec- just notes.
One suggest addition.
Regards,
Andrea

From: Sarah Harris
Sent: Wednesday, May 17, 2017 12:08 PM
To: Andrea Dalgarno
Subject: RE: (Draft Response) OFA Loan Update as at May 5, 2017

Thank you, Andrea.
I've made a few changes – I thought maybe quarterly may suffice. Could you please fill in the OIC numbers below, and provide any other edits you think are necessary.
Because our goal is to make Corporate Finance responsible for the information, I'm thinking we keep the cleaned up version for ourselves, and send them a version without the TAS reconciliation. We can, however, note in the spreadsheet any key noticeable differences in the spreadsheet that "we became aware of" in touching base with Accounting (i.e. 47 vs. 40 million).
I'll then send out the e-mail.
Thanks,
Sarah

From: Andrea Dalgarno
Sent: Wednesday, May 17, 2017 11:16 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: (Draft Response) OFA Loan Update as at May 5, 2017

Sarah,
Draft email is as follows- not sure if you want to attach current rendition of the May 5 , 2017 spreadsheet but assumed yes at this point.
Hi Mara,
We sent the Loans spreadsheet to Corporate Finance as part of practice undertaken previously by Documentation and Corporate Finance to verify outstanding loan amounts under the OFA's existing lending OICs (currently there are two OIC 675/97 and 767/99).
For OFA lending OICs, Documentation assists in obtaining new lending OICs if the existing OICs are not sufficient to cover relevant OFA Loans (the existing lending OICs are over 15 years old, so there has been no need to obtain a new OIC in some time). However, since Documentation does not originate the loans/loan agreements, Documentation is reliant on Corporate Finance for the provision and verification of OFA lending activity under such OICs in order to ensure that it is fully captured in OIC tables and the OFA does not exceed the borrowing authority under the applicable OICs. In order to keep the table up to date, we propose sending the spreadsheet on a quarterly basis for Corporate Finance to confirm. We will need to clarify the impact of capitalized interest and how it is determined as it seems unclear (the source and impact on amounts allocated under the OICs)

based on past reporting. We have not specified Capitalized Interest or Repayments at this point. Note that we have made changes to the spreadsheet since we initially sent it to Corporate Finance on May 8, 2017. The current iteration is attached for consideration then further discussion to ensure consensus. Note that the allocated amounts highlighted in orange represent what we believe to be the amount of authority that should be deemed used/allocated. Likewise, for the calculation of the remaining authority the orange represents our final calculation.

It is our understanding that Corporate Finance, with the assistance of OFA legal, prepares an annual lending directive which includes an estimate of the approved annual OFA lending. During the course of this process, OFA legal confirms with Corporate Finance whether there is sufficient authority under existing OIC's or whether a new OFA lending OIC must be sought.

In the past, Accounting has not provided/verified the loan information as it impacts OIC tables. With the implementation of OLMS, we are aware that information flows/inputs may have been affected. In the event that the introduction of OLMS means existing processes need to change, Corporate Finance and Documentation will need to coordinate with Accounting on the best approach.

Regards,
Sarah Harris
Manager Operations
Capital Markets Operations

Let me know your thoughts…

Regards,

Andrea

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

---

From: Mara Bakic
Sent: Thursday, May 11, 2017 4:21 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Cc: Michael Smith <Michael.Smith@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA Loan Update as at May 5, 2017

Hi Andrea,

Corporate Finance does not administer the OFA loans or the OLMS. To confirm amounts repaid, capitalized interest, etc. you should contact OFA's Accounting group (Siva Nathan). Also, I believe that the maturity date noted for the Ontario Infrastructure and Lands Corporation line of credit is incorrect. OILC's last line of credit expired in June 2016. We recently started working with IO on a new line of credit facility but the details have yet to be finalized. In addition, we have been in discussion with MAESD regarding providing loans totalling $300M to colleges and universities in 2017-18 for energy retrofit projects but this loan program has yet to go forward for Treasury Board and Cabinet approval.

Thanks,
Mara

From: Andrea Dalgarno

Sent: Monday, May 08, 2017 11:56 AM
To: Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFA Loan Update as at May 5, 2017

Hi,

Please find attached the updated listing of the OFA Loans as at May 5, 2017. We used the Oct 31, 2013 as the base and then we removed (moved to bottom) what seemed to have matured or no longer exist based on OLMS (current loan system), added new and updated Borrowing Authority Allocated based on OLMS as applicable. We adjusted some maturity dates (OILC and OEFC lines of credit maturity dates) which were incorrect based on documentation in place.

The last update was a joint effort between Documentation and Salman in 2013. We ask that Corporate Finance review to ensure its agreement with the attached update dated May 5, 2017.

We are aware of no new school loans but we rely on Corporate Finance for updated information regarding new loans.

Let me know should you have any questions or concerns.

Regards,

Andrea Dalgarno
Documentation & Analysis Specialist
Ontario Financing Authority
Tel 416-212-7451

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As of May 5, 2017

Loan Agreements										OIC				
Borrower	Initial Loan Amount / Maximum Availability	Effective Date	Maturity Date	Type	Revolving	Advances	Repaid	Capitalized Interest (Construction)	Available for Borrower under Agreement	OIC	Revolving	Borrowing Authority Allocated	Items of Note	Adjusted BA Allocated (Construction Loans and LOC at max)
Algonquin College of Applied Arts and Technology	$21,296,746.49	March 25, 2011	December 17, 2037		No	**$21,296,746.49**			$0.00			**$19,137,704.21**		$19,137,704.21
Boreal College	$5,000,180.82	June 15, 2009	January 21, 2036		No	**$5,000,180.82**			$0.00			**$4,300,244.25**		$4,300,244.25
Boreal College	$7,516,644.19		January 2, 2035		No	**$7,516,644.19**			$0.00			**$6,197,450.03**		$6,197,450.03
Cambrian College	$400,000.00	June 26, 2008	July 31, 2018		No	**$400,000.00**			$0.00	OIC 675/97	Yes	**$61,115.49**		$61,115.49
Cambrian College	$3,041,451.18	Nowember 9, 2009	November 11, 2019		No	**$3,041,451.18**			$0.00	OIC 675/97	Yes	**$887,758.27**		$887,758.27
Cambrian College	$11,232,658.70	December 31, 2009	December 31, 2029		No	**$11,232,658.70**			$0.00	OIC 675/97	Yes	**$8,392,710.08**		$8,392,710.08
Canadore College of Applied Arts	$1,500,000.00	October 28, 2011	July 5, 2027		No	**$1,500,000.00**			$0.00			**$1,122,812.33**		$1,122,812.33
Canadore College of Applied Arts	$2,700,000.00	October 28, 2011	October 10, 2026		No	**$2,700,000.00**			$0.00			**$1,949,934.25**		$1,949,934.25
Canadore College of Applied Arts	$1,500,000.00	March 22, 2012	March 28, 2022		No	**$1,500,000.00**			$0.00			**$800,395.27**		$800,395.27
Centennial College	$17,197,491.22	March 19, 2010	November 30, 2026		No	**$17,197,491.22**			$0.00	OIC 675/97	Yes	**$12,480,214.97**		$12,480,214.97
Centennial College	$17,070,000.00		September 26, 2029		No	**$17,070,000.00**						**$14,800,448.10**		$14,800,448.10
City Of Windsor	$26,416,693.90	June 26, 1997	March 31, 2021		No	**$26,416,693.90**			$0.00	OIC 675/97	Yes	**$8,171,389.87**		$8,171,389.87
Conestoga College	$14,700,000.00	April 27, 2012	May 4, 2027		No	**$14,700,000.00**			$0.00			**$10,623,908.59**		$10,623,908.59
Conestoga College	$21,500,000.00		October 6, 2031		No	**$21,500,000.00**						**$20,894,552.12**		$20,894,552.12
Confederation College	$1,700,000.00	March 28, 2012	March 16, 2020		No	**$1,685,844.00**			$0.00			**$757,167.55**		$757,167.55
Confederation College	$10,600,000.00		December 15, 2017	Construction	No	**$,615,000.00**						**$5,615,000.00**		$10,600,000.00
Durham College	$6,430,304.00		February 5, 2024		No	**$6,430,304.00**						**$4,705,780.69**		$4,705,780.69
Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 2040		No	**$20,000,000.00**			$0.00			**$17,654,049.00**		$17,654,049.00
Fanshawe College of Applied Arts and Technology	$22,300,000.00		July 31, 2017	Construction	No	**$14,900,000.00**						**$14,979,979.51**	**Int Capital'n 25,223.47**	$22,300,000.00
George Brown College	$35,000,000.00	May 13, 2013	May 22, 2020		No	**$35,000,000.00**			$0.00			**$16,987,075.34**		$16,987,075.34
George Brown College	$40,000,000.00		June 24, 2041		No	**$40,000,000.00**						**$39,632,076.56**		$39,632,076.56
Georgian College	$3,630,000.00	March 31, 2008	March 31, 2018		No	**$3,630,000.00**			$0.00	OIC 675/97	Yes	**$430,213.30**		$430,213.30
Georgian College	$2,245,600.00	March 27, 2009	March 27, 2019		No	**$2,245,600.00**			$0.00	OIC 675/97	Yes	**$517,553.83**		$517,553.83
Georgian College	$2,400,000.00	March 23, 2010	March 23, 2020		No	**$2,400,000.00**			$0.00	OIC 675/97	Yes	**$812,514.61**	**Transition Difference 76.95 PBFS to TAS per accounting**	$812,514.61
HSO	$975,000,000.00		December 31, 2019	Line of Credit	Yes	**$0.00**			$960,486,661.14			**$14,513,338.86**		$975,000,000.00
Lambton College	$4,000,000.00	July 7, 2008	July 7, 2033		No	**$4,000,000.00**			$0.00	OIC 675/97	Yes	**$3,137,731.18**		$3,137,731.18
Loyalist College	$4,937,396.00	August 20, 2009	August 28, 2027		No	**$4,937,396.00**			$0.00	OIC 675/97	Yes	**$3,376,004.08**		$3,376,004.08
Loyalist College	$2,750,000.00		May 7, 2024		No	**$2,750,000.00**			$0.00			**$2,128,593.69**		$2,128,593.69
Mohawk College	$6,606,343.78	February 24, 2009	September 2, 2031		No	**$6,606,343.78**			$0.00	OIC 675/97	Yes	**$5,255,030.99**		$5,255,030.99
Mohawk College	$34,805,516.70		November 25, 2038		No	$34,805,516.70			$0.00			**$32,452,648.78**		$32,452,648.78
Mohawk College	$11,000,000.00		November 29, 2028		No	$11,000,000.00			$0.00			**$9,273,193.43**		$9,273,193.43
Niagara Parks Commission	$6,500,000.00	November 18, 2009	April 30, 2027		No	**$6,500,000.00**			$0.00	OIC 675/97	Yes	**$4,553,428.59**		$4,553,428.59
				Line of Credit							Yes			
Ontario Infrastructure & Lands Corporation (formerly OIPC)	$200,000,000.00		June 29, 2019		Yes	**$0.00**			$200,000,000.00	OIC 675/97		**$0.00**	*Nothing Outstanding but still active (extended to 2019 from 2016)*	$200,000,000.00
Partial Prepayment approx 11M 2/5/2014 Ontario Lottery & Gaming	$33,802,243.16	October 19, 2010	January 8, 2018		No	**$22,610,683.42**			$0.00			**$4,564,232.92**		$4,564,232.92
Ontario Lottery & Gaming	$89,150,000.00		October 2, 2017	Construction	No	**$28,700,000.00**						**$28,700,000.00**		$89,150,000.00
Ontario Northland Transportation Commission	$3,800,000.00	October 13, 2004	January 1, 2020		No	**$3,800,000.00**			$0.00	OIC 675/97	Yes	**$908,953.82**		$908,953.82
Ontario Northland Transportation Commission	$2,300,000.00	July 19, 2005	January 1, 2031		No	**$2,300,000.00**			$0.00	OIC 675/97	Yes	**$1,589,025.80**		$1,589,025.80
				Construction									**3/31/2017 in TAS note that PBFS error so does not appear.**	
Ottawa Convention Centre Corporation	$40,000,000.00	August 11, 2011	September 1, 2036		No	**$40,000,000.00**			$0.00			**$47,114,846.88**	**Capital'n of Int=7,114,846.88**	$40,000,000.00
Royal Ontario Museum (ROM)	$27,000,000.00	July 4, 2011	March 31, 2027		No	**$27,000,000.00**			$0.00			**$26,000,000.00**		$26,000,000.00
Sheridan College	$40,180,436.04		March 31, 2042		No	**$40,180,436.04**						**$40,180,436.04**		$40,180,436.04
Sir Sanford Fleming College	$14,921,000.00	June 27, 2012	July 6, 2027		No	**$14,921,000.00**			$0.00			**$11,168,132.79**		$11,168,132.79
St Clair College	$3,300,000.00		May 14, 2017		No	**$3,300,000.00**						**$1,666,293.09**		$1,666,293.09
St Clair College	$3,600,000.00		May 14, 2025		No	**$3,600,000.00**						**$3,107,767.50**		$3,107,767.50
The Sault College of Applied A&T	$2,000,000.00		October 31, 2019		No	**$2,000,000.00**						**$1,023,088.91**		$1,023,088.91
The Sault College of Applied A&T	$3,000,000.00		October 31, 2029		No	**$3,000,000.00**						**$2,597,483.05**		$2,597,483.05
The Sault College of Applied A&T	$6,500,000.00		April 16, 2018	Construction	No	**$6,500,000.00**						**$2,000,000.00**		$6,500,000.00
University of Ontario Institute of Technology (UOIT)	$28,137,279.00	February 6, 2012	October 16, 2017		No	**$28,137,279.00**			$0.00			**$2,823,716.00**		$2,823,716.00

OIC Summary						Adjusted (LOC and Contruction at Max Available)	
	Opening Balance under OIC	Used portion of OIC under Loan Agreements	Remaining Balance Under OIC	Maturity	Revolving?	Used portion of OIC under Loan Agreements	Remaining Balance Under OIC
OIC 675/97	$2,160,000,000.00	$460,045,994.62	$1,699,954,005.38	June 1, 2041	Yes	$1,690,672,829.37	$469,327,170.63
OIC 767/99	$656,000,000.00	$0.00	$656,000,000.00	June 1, 2041	Yes	$0.00	$656,000,000.00

Data removed from above table:										OIC		
Borrower	Initial Loan Amount / Maximum Availability	Effective Date	Maturity Date	Type	Revolving	Advances	Repaid	Capitalized Interest (Construction)	Available for Borrower under Agreement	OIC	Revolving	Borrowing Authority Allocated
Collège bonlal d'arts appliqués et de technologie	$7,516,644.19	December 30, 2009	January 2, 1935		No	**$7,516,644.19**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$7,454,217.24**
Collège bonlal d'arts appliqués et de technologie	$6,000,000.00	June 15, 2009	June 30, 1935	Construction	No	**$0.00**	$0.00	**$0.00**	$6,000,000.00	OIC 675/97	Yes	$6,000,000.00
Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 1940		No	**$20,000,000.00**	$66,407.61	**$0.00**	$20,000,000.00	OIC 675/97	Yes	**$19,933,592.39**
Mohawk College	$2,421,401.00	September 10, 2007	September 10, 2011		No	**$2,421,401.00**	$1,614,525.26	**$0.00**	$0.00	OIC 675/97	Yes	**$806,875.74**
Mohawk College	$2,443,000.00	February 24, 2009	March 2, 2012		No	**$2,443,000.00**	$1,000,676.12	**$0.00**	$0.00	OIC 675/97	Yes	**$1,442,323.88**
Mohawk College	$1,914,475.00	March 23, 2010	March 25, 2013		No	**$1,914,475.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$1,914,475.00**
Ontario Northland Transportation Commission	$8,000,000.00	December 21, 2001	March 31, 2012	Line of Credit	Yes	**$8,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$8,000,000.00**
Ontario Northland Transportation Commission	$7,000,000.00	December 3, 2001	March 31, 2012	Line of Credit	Yes	**$5,700,000.00**	$0.00	**$0.00**	$1,300,000.00	OIC 675/97	Yes	**$7,000,000.00**
Ontario Power Authority	$975,000,000.00	January 1, 2005	December 31, 2010	Line of Credit	Yes	**$120,000,000.00**	$20,000,000.00	**$29,726.03**	**$874,970,273.97**	OIC 675/97	Yes	**$975,000,000.00**
Royal Ontario Museum (ROM)	$13,000,000.00	October 17, 2007	March 31, 2011		No	**$13,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$13,000,000.00**
Royal Ontario Museum (ROM)	$10,000,000.00	October 17, 2007	March 31, 2012		No	**$10,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$10,000,000.00**
Royal Ontario Museum (ROM)	$10,000,000.00	October 17, 2007	June 30, 2013		No	**$10,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$10,000,000.00**
St. Clair College	$534,547.68	June 24, 2008	June 26, 2013		No	**$534,547.68**	$191,389.29	**$0.00**	$0.00	OIC 675/97	Yes	**$343,158.39**
M Centennial College	$17,500,000.00	October 31, 2013	September 24, 2014	Construction	No	**$0.00**	$0.00	**$0.00**	$17,500,000.00			**$17,500,000.00**
M Georgian College	$1,800,000.00	March 23, 2010	March 23, 2015		No	**$1,800,000.00**	$1,230,852.51	**$0.00**	$0.00	OIC 675/97	Yes	**$569,147.49**
M Loyalist College	$946,148.55	April 6, 2010	April 6, 2015		No	**$946,148.55**	$647,561.25	**$0.00**	$0.00	OIC 675/99	Yes	**$298,587.30**
M Ontario Infrastructure & Lands Corporation (formerly OIPC)	$200,000,000.00	June 23, 2006	June 23, 2016	Line of Credit	Yes	**$73,000,000.00**	$0.00	**$0.00**	$127,000,000.00	OIC 675/97	Yes	**$200,000,000.00**
M Ontario Lottery & Gaming	$226,482,969.61	October 31, 2007	November 15, 2013		No	**$226,482,969.61**	$222,401,728.82	**$0.00**	$0.00	OIC 675/97	Yes	**$4,081,240.79**
M Ontario Lottery & Gaming	$18,524,285.19	February 1, 2010	February 2, 2015		No	**$18,524,285.19**	$13,365,368.30	**$0.00**	$0.00	OIC 675/98	Yes	**$5,158,916.89**
M Ontario Lottery & Gaming	$31,268,957.20	October 19, 2011	May 9, 2016		No	**$31,268,957.20**	$14,542,574.26		$0.00			**$16,726,382.94**
M Ontario Northland Transportation Commission	$12,700,000.00	June 11, 1999	August 1, 2014	Debenture	No	**$12,700,000.00**	$11,639,308.03	**$0.00**	$0.00	OIC 675/97	Yes	**$1,060,691.97**
M Ontario Northland Transportation Commission	$19,014,500.00	December 15, 1999	December 1, 2014	Debenture	No	**$19,014,500.00**	$16,907,954.30	**$0.00**	$0.00	OIC 675/97	Yes	**$2,106,545.70**
M Ontario Power Authority	$975,000,000.00	November 9, 2010	December 31, 2013	Line of Credit	Yes	**($558,250.60)**		**$0.00**	$975,558,250.60			**$975,000,000.00**
M Ontario Science Centre	$10,000,000.00	January 31, 2005	March 15, 2017		No	**$10,000,000.00**	$8,000,000.00	**$0.00**	$0.00	OIC 675/97	Yes	**$2,000,000.00**
M Sir Sanford Fleming College	$1,920,000.00	June 26, 2008	June 26, 2015		No	**$1,920,000.00**	$1,406,506.56	**$0.00**	$0.00	OIC 675/97	Yes	**$513,493.44**
M Royal Ontario Museum (ROM)	$22,540,000.00	July 4, 2011	March 31, 2017			**$22,540,000.00**						**$22,540,000.00**
Restructured? Mohawk College	$35,000,000.00	March 28, 2013	December 31, 2013	Construction	No	**$29,938,099.00**	$0.00	**$150,292.66**	$5,061,901.00			**$35,000,000.00**
Status unknown- not in OLMS [illegible]	$250,000,000.00	January 1, 2009	December 31, 2024	Line of Credit	Yes	**$0.00**	$0.00	**$0.00**	$250,000,000.00	OIC 675/97	Yes	**$250,000,000.00**

New loans advances made during the year 2016/17	**Date of advance**
Colleges	
Sheridan College - Davis Campus STC Project.	4/1/2016
Fanshawe College	6/9/2016
George Brown College	6/24/2016
Sheridan College	7/5/2016
Fanshawe College	9/1/2016
Conestoga College	10/5/2016
Sheridan College	11/4/2016
Fanshawe College	12/1/2016
The Confederation College of Applied Arts and Technology.	3/7/2017
Sheridan College	3/17/2017
Total cash advances to Colleges	
Sheridan College- Total Interest capitalized on conversion of construction loan to term loan	3/31/2017
Total advances to Colleges	
Corporations	
Ontario Lottery & Gaming Corporation	5/30/2016
Ontario Lottery & Gaming Corporation	6/24/2016
Ontario Lottery & Gaming Corporation	9/29/2016
Ontario Lottery & Gaming Corporation	2/24/2017
Independent Electricity System Operator-IESO 1st Loan Advance	8/19/2016
Total advances to Corporations	

Accounting Doc #	Amount $		
AL0001	10,602,773.00	Combines with other to new LOAN in OLMS	
AL0028	2,750,000.00	ADVANCE IN OLMS	
AL0036	40,000,000.00	NEW LOAN IN OLMS	
AL0038	7,465,266.00	Combines with other to new LOAN in OLMS	
AL0059	3,900,000.00	ADVANCE IN OLMS	
AL0073	21,500,000.00	NEW LOAN IN OLMS	
AL0093	10,188,630.00	Combines with other to new LOAN in OLMS	
AL0100	4,100,000.00	ADVANCE IN OLMS	
AL0143	5,615,000.00	NEW CONSTUCT LOAN IN OLMS	
AL0147	11,743,331.00	Combines with other to new LOAN in OLMS	
	117,865,000.00		
AL0155	180,436.06	Combines with other to new LOAN in OLMS	
	118,045,436.06		
AL0027	1,750,000.00	??	
AL0037	1,500,000.00	??	
AL0072	2,000,000.00	NEW CONSTUCT LOAN IN OLMS	
AL0139	3,000,000.00	NEW CONSTUCT LOAN IN OLMS	Note: OLMS has more const
	8,250,000.00		
AL0053	94,951,024.00	8/19/2016	
	94,951,024.00		
	103,201,024.00		

:ruction loan advances than appear here?

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: College,Niagara Parks Commission,Ontario Infrastructure and Lands Corporation,Ontario
Advance Date: All
Project: All
Loan Outstanc 05-May-2017

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
Algonquin College												
945	Term Loan	17-Dec-2012	17-Dec-2037	21,296,746.49		21,296,746.49	0.00	0.03	4.0080	21,296,746.49	19,137,704.21	OLD
						$21,296,746.49	**$0.00**			**$21,296,746.49**	**$19,137,704.21**	
Boreal College												
429	Term Loan	30-Dec-2009	02-Jan-2035	7,516,644.19		7,516,644.19	0.00	0.05	5.1300	7,516,644.19	6,197,450.03	OLD
636	Term Loan	21-Jan-2011	21-Jan-2036	5,000,180.82		5,000,180.82	0.00	0.05	5.0940	5,000,180.82	4,300,244.25	OLD
						$12,516,825.01	**$0.00**			**$12,516,825.01**	**$10,497,694.28**	
Cambrian College												
430	Term Loan	09-Nov-2009	11-Nov-2019	3,041,451.18		3,041,451.18	0.00	0.05	3.4200	3,041,451.18	887,758.27	OLD
392	Term Loan	31-Jul-2008	31-Jul-2018	400,000.00		400,000.00	0.00	0.05	4.8140	400,000.00	61,115.49	OLD
431	Term Loan	31-Dec-2009	31-Dec-2029	11,232,658.70		11,232,658.70	0.00	0.05	5.2600	11,232,658.70	8,392,710.08	OLD
						$14,674,109.88	**$0.00**			**$14,674,109.88**	**$9,341,583.84**	
Canadore College												
942	Term Loan	03-Jul-2012	05-Jul-2027	1,500,000.00		1,500,000.00	0.00	0.03	3.2220	1,500,000.00	1,122,812.33	OLD
817	Term Loan	10-Nov-2011	10-Nov-2026	2,700,000.00		2,700,000.00	0.00	0.03	3.4770	2,700,000.00	1,949,934.25	OLD
939	Term Loan	28-Mar-2012	28-Mar-2022	1,500,000.00		1,500,000.00	0.00	0.03	2.7100	1,500,000.00	800,395.27	OLD
						$5,700,000.00	**$0.00**			**$5,700,000.00**	**$3,873,141.85**	
Centennial College												
818	Term Loan	30-Nov-2011	30-Nov-2026	17,197,491.22		17,197,491.22	0.00	0.05	3.7080	17,197,491.22	12,480,214.97	OLD
1189	Term Loan	26-Sep-2014	26-Sep-2029	17,070,000.00		17,070,000.00	0.00	0.03	3.4730	17,070,000.00	14,800,448.10	NEW

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
						$34,267,491.22	**$0.00**			**$34,267,491.22**	**$27,280,663.07**	
City of Windsor												
408	Term Loan	31-Mar-2001	31-Mar-2021	26,416,693.90		26,416,693.90	0.00	0.00	6.4100	26,416,693.90	8,171,389.87	OLD
						$26,416,693.90	**$0.00**			**$26,416,693.90**	**$8,171,389.87**	

Conestoga College												
940	Term Loan	04-May-2012	04-May-2027	14,700,000.00		14,700,000.00	0.00	0.03	3.5110	14,700,000.00	10,623,908.59	OLD
1283	Term Loan	05-Oct-2016	06-Oct-2031	21,500,000.00		21,500,000.00	0.00	0.03	2.2730	21,500,000.00	20,894,552.12	New
						$36,200,000.00	**$0.00**			**$36,200,000.00**	**$31,518,460.71**	
Durham College Residence Refinancing												
1185	Term Loan	04-Feb-2014	05-Feb-2024	6,430,304.00		6,430,304.00	0.00	0.03	3.1230	6,430,304.00	4,705,780.69	
						$6,430,304.00	**$0.00**			**$6,430,304.00**	**$4,705,780.69**	
Fanshawe College												
427	Term Loan	01-Feb-2010	01-Feb-2040	20,000,000.00		20,000,000.00	0.00	0.05	5.4900	20,000,000.00	17,654,049.00	OLD
1270	Construction Loan	09-Jun-2016	31-Jul-2017	22,300,000.00	15,400,000.00	2,750,000.00	0.00	0.03	0.2750		2,767,902.01	New
1270	Construction Loan	01-Sep-2016	31-Jul-2017	22,300,000.00	11,500,000.00	3,900,000.00	0.00	0.03	0.2750		3,916,649.36	New
1270	Construction Loan	01-Dec-2016	31-Jul-2017	22,300,000.00	7,400,000.00	4,100,000.00	0.00	0.03	0.2750		4,108,744.79	New
1270	Construction Loan	29-Mar-2016	31-Jul-2017	22,300,000.00	18,150,000.00	4,150,000.00	0.00	0.03	0.2750		4,186,683.35	New
						$34,900,000.00	**$0.00**			**$20,000,000.00**	**$32,634,028.52**	
Fleming College												
943	Term Loan	06-Jul-2012	06-Jul-2027	14,921,000.00		14,921,000.00	0.00	0.03	3.2180	14,921,000.00	11,168,132.79	OLD
						$14,921,000.00	**$0.00**			**$14,921,000.00**	**$11,168,132.79**	
Georgian College												
634	Term Loan	27-Mar-2009	27-Mar-2019	2,245,600.00		2,245,600.00	0.00	0.05	3.7150	2,245,600.00	517,553.83	OLD
395	Term Loan	31-Mar-2008	31-Mar-2018	3,630,000.00		3,630,000.00	0.00	0.05	3.9540	3,630,000.00	430,213.30	OLD
618	Term Loan	23-Mar-2010	23-Mar-2020	2,400,000.00		2,400,000.00	0.00	0.05	3.6260	2,400,000.00	812,514.61	OLD
						$8,275,600.00	**$0.00**			**$8,275,600.00**	**$1,760,281.73**	

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
Lambton College												
389	Term Loan	07-Jul-2008	07-Jul-2033	4,000,000.00		4,000,000.00	0.00	0.05	5.2240	4,000,000.00	3,137,731.18	OLD
						$4,000,000.00	**$0.00**			**$4,000,000.00**	**$3,137,731.18**	
Loyalist College												
409	Term Loan	28-Aug-2009	30-Aug-2027	4,937,396.00		4,937,396.00	0.00	0.05	4.8300	4,937,396.00	3,376,004.08	OLD
1186	Term Loan	07-May-2014	07-May-2024	2,750,000.00		2,750,000.00	0.00	0.03	2.6410	2,750,000.00	2,128,593.69	NEW
						$7,687,396.00	**$0.00**			**$7,687,396.00**	**$5,504,597.77**	
Niagara Parks Commission												

426	Term Loan	18-Nov-2009	30-Apr-2027	6,500,000.00		6,500,000.00	0.00	0.05	5.0700	6,500,000.00	4,553,428.59	OLD
						$6,500,000.00	**$0.00**			**$6,500,000.00**	**$4,553,428.59**	
Ontario Lottery & Gaming												
1183	Term Loan	10-Mar-2014	08-Jan-2018	22,610,683.42		22,610,683.42	0.00	0.03	2.3200	22,610,683.42	4,564,232.92	
1228	Construction Loan	29-May-2015	02-Oct-2017	1,000,000.00		1,000,000.00	0.00	0.03	0.3250		1,000,000.00	
1281	Construction Loan	30-Sep-2016	02-Oct-2017	1,500,000.00		1,500,000.00	0.00	0.03	0.3250		1,500,000.00	
1278	Construction Loan	30-Sep-2016	02-Oct-2017	1,750,000.00		1,750,000.00	0.00	0.03	0.3250		1,750,000.00	
1280	Construction Loan	30-Sep-2016	02-Oct-2017	1,750,000.00		1,750,000.00	0.00	0.03	0.3250		1,750,000.00	
1277	Construction Loan	30-Sep-2016	02-Oct-2017	2,000,000.00		2,000,000.00	0.00	0.03	0.3250		2,000,000.00	
1282	Construction Loan	29-Sep-2016	02-Oct-2017	2,000,000.00		2,000,000.00	0.00	0.03	0.3250		2,000,000.00	
1279	Construction Loan	30-Sep-2016	02-Oct-2017	2,250,000.00		2,250,000.00	0.00	0.03	0.3250		2,250,000.00	
1299	Construction Loan	24-Feb-2017	02-Oct-2017	3,000,000.00		3,000,000.00	0.00	0.03	0.3250		3,000,000.00	
1225	Construction Loan	26-Mar-2015	02-Oct-2017	3,700,000.00		3,700,000.00	0.00	0.03	0.3250		3,700,000.00	
1276	Construction Loan	30-Sep-2016	02-Oct-2017	6,500,000.00		6,500,000.00	0.00	0.03	0.3250		6,500,000.00	
1229	Construction Loan	21-Aug-2015	02-Oct-2017	28,500,000.00	27,250,000.00	1,250,000.00	0.00	0.03	0.3250		1,250,000.00	
1188	Construction Loan	28-Aug-2014	02-Oct-2017	35,200,000.00	33,200,000.00	2,000,000.00	0.00	0.03	0.3250		2,000,000.00	
						$51,310,683.42	**$0.00**			**$22,610,683.42**	**$33,264,232.92**	
Ontario Northland Transportation Commission												

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
405	Term Loan	01-Jan-2005	01-Jan-2020	3,800,000.00		3,800,000.00	0.00	0.00	5.2200	3,800,000.00	908,953.82	OLD
404	Term Loan	01-Jan-2006	01-Jan-2031	2,300,000.00		2,300,000.00	0.00	0.00	4.9000	2,300,000.00	1,589,025.80	OLD
						$6,100,000.00	**$0.00**			**$6,100,000.00**	**$2,497,979.61**	
Royal Ontario Museum												
1057	Term Loan	01-Apr-2013	31-Mar-2027	2,357,000.00		2,357,000.00	0.00	0.03	0.5300	2,357,000.00	1,357,000.00	
941	Term Loan	02-Apr-2012	31-Mar-2027	4,983,000.00		4,983,000.00	0.00	0.03	0.5300	4,983,000.00	4,983,000.00	
762	Term Loan	04-Jul-2011	31-Mar-2027	19,660,000.00		19,660,000.00	0.00	0.03	0.5300	19,660,000.00	19,660,000.00	
						$27,000,000.00	**$0.00**			**$27,000,000.00**	**$26,000,000.00**	OLD
Sheridan College												
1301	Term Loan	31-Mar-2017	31-Mar-2042	40,180,436.04		40,180,436.04	0.00	0.25	3.4670	40,180,436.04	40,180,436.04	
						$40,180,436.04	**$0.00**			**$40,180,436.04**	**$40,180,436.04**	

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
St. Clair College												
1226	Term Loan	14-May-2015	14-May-2018	3,300,000.00		3,300,000.00	0.00	0.03	1.3210	3,300,000.00	1,666,293.09	
1227	Term Loan	14-May-2015	14-May-2025	3,600,000.00		3,600,000.00	0.00	0.03	2.1470	3,600,000.00	3,107,767.50	
						$6,900,000.00	**$0.00**			**$6,900,000.00**	**$4,774,060.60**	
The Confedration College of Applied Arts and Technology												
1056	Term Loan	14-Mar-2013	16-Mar-2020	1,685,844.00		1,685,844.00	0.00	0.03	2.4050	1,685,844.00	757,167.55	
1300	Construction Loan	07-Mar-2017	15-Dec-2017	10,600,000.00	4,985,000.00	5,615,000.00	0.00	0.03	0.2750		5,615,000.00	????
						$7,300,844.00	**$0.00**			**$1,685,844.00**	**$6,372,167.55**	
The Sault College of Applied Arts and Technology												
1191	Term Loan	31-Oct-2014	31-Oct-2019	2,000,000.00		2,000,000.00	0.00	0.03	1.8560	2,000,000.00	1,023,088.91	
1192	Term Loan	31-Oct-2014	31-Oct-2029	3,000,000.00		3,000,000.00	0.00	0.03	3.3380	3,000,000.00	2,597,483.05	
1302	Construction Loan	03-Apr-2017	16-Apr-2018	6,500,000.00	4,500,000.00	2,000,000.00	0.00	0.03	0.2750		2,000,000.00	
						$7,000,000.00	**$0.00**			**$5,000,000.00**	**$5,620,571.96**	
					Grand Total:	**$379,578,129.96**	**$0.00**			**$328,363,129.96**	**$291,994,067.80**	

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
University of Ontario Institute of Technology											
819	Term Loan	06-Feb-2012	16-Oct-2017	28,137,279.00		28,137,279.00	0.00	0.03	2.7700	28,137,279.00	2,823,716.00
						$28,137,279.00	**$0.00**			**$28,137,279.00**	**$2,823,716.00**
					Grand Total:	**$28,137,279.00**	**$0.00**			**$28,137,279.00**	**$2,823,716.00**

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: Mohawk College
Advance Date: All

Project: All
Loan Outstanc 05-May-2017

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
Mohawk College											
763	Term Loan	31-Aug-2011	02-Sep-2031	6,606,343.78		6,606,343.78	0.00	0.05	4.1830	6,606,343.78	5,255,030.99
1110	Term Loan	25-Nov-2013	25-Nov-2038	34,805,516.70		34,805,516.70	0.00	0.03	4.7620	34,805,516.70	32,452,648.78
1111	Term Loan	29-Nov-2013	29-Nov-2028	11,000,000.00		11,000,000.00	0.00	0.03	3.8550	11,000,000.00	9,273,193.43
						$52,411,860.48	**$0.00**			**$52,411,860.48**	**$46,980,873.20**
					Grand Total:	**$52,411,860.48**	**$0.00**			**$52,411,860.48**	**$46,980,873.20**

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: George Brown College
Advance Date: All
Project: All
Loan Outstanc 05-May-2013

WRONG DATE

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
George Brown College											
1059	Term Loan	22-May-2013	22-May-2020	35,000,000.00		35,000,000.00	0.00	0.03	2.4230	35,000,000.00	0.00
1274	Term Loan	24-Jun-2016	24-Jun-2041	40,000,000.00		40,000,000.00	0.00	0.03	5.7500	40,000,000.00	0.00
						$75,000,000.00	**$0.00**			**$75,000,000.00**	**$0.00**
					Grand Total:	**$75,000,000.00**	**$0.00**			**$75,000,000.00**	**$0.00**

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: George Brown College
Advance Date: All
Project: All
Loan Outstanc 05-May-2017

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
George Brown College											
1059	Term Loan	22-May-2013	22-May-2020	35,000,000.00		35,000,000.00	0.00	0.03	2.4230	35,000,000.00	16,987,075.34
1274	Term Loan	24-Jun-2016	24-Jun-2041	40,000,000.00		40,000,000.00	0.00	0.03	5.7500	40,000,000.00	39,632,076.56
						$75,000,000.00	**$0.00**			**$75,000,000.00**	**$56,619,151.90**
					Grand Total:	**$75,000,000.00**	**$0.00**			**$75,000,000.00**	**$56,619,151.90**

Loan Agreements

Borrower	Initial Loan Amount / Maximum Availability	Advances
Algonquin College of Applied Arts and Technology	$21,296,746.49	$21,296,746.49
Boreal College	$12,516,825.01	$12,516,825.01
Cambrian College	$14,674,109.88	$14,674,109.88
Canadore College of Applied Arts	$5,700,000.00	$5,700,000.00
Centennial College	$17,197,491.22	$17,197,491.22
City Of Windsor	$26,416,693.90	$17,197,491.22
Conestoga College	$14,700,000.00	$14,700,000.00
Confederation College	$1,700,000.00	$1,700,000.00
DICO	$250,000,000.00	$0.00
Fanshawe College of Applied Arts and Technology	$20,000,000.00	$20,000,000.00
Fleming College	#REF!	#REF!
George Brown College	$35,000,000.00	$35,000,000.00
Georgian College	$8,275,600.00	$8,275,600.00
Lambton College	$4,000,000.00	$4,000,000.00
Loyalist College	$4,464,366,431.10	$496,924,871.36
Mohawk College	$6,009,129,747.10	$934,068,035.76
Niagara Parks Commission	$6,500,000.00	$6,500,000.00
Ontario Infrastructure Projects Corporation	$200,000,000.00	$73,000,000.00
Ontario Lottery & Gaming	$4,674,043,386.62	$779,601,826.88
Ontario Northland Transportation Commission	$6,100,000.00	$6,100,000.00
Ontario Power Authority	$975,000,000.00	-$558,250.60
Ontario Science Centre	$10,000,000.00	$10,000,000.00
Ottawa Convention Centre Corporation	$40,000,000.00	$40,000,000.00
Royal Ontario Museum (ROM)	$49,540,000.00	$49,540,000.00
Sir Sanford Fleming College	$1,920,000.00	$1,920,000.00
University of Ontario Institute of Technology (UOIT)	$28,137,279.00	$28,137,279.00

			OIC		
Repaid	**Capitalized Interest (Construction)**	**Avaliable for Borrower under Agreement**	**OIC**	**Revolving**	**Borrowing Authority Allocated**
$251,514.03	**$0.00**	$0.00			
$0.00	**$0.00**	$0.00			
$0.00	**$0.00**	**$0.00**	OIC 675/97	Yes	$9,341,583.84
$0.00	**$0.00**	$0.00			
$1,325,359.57	**$0.00**	$0.00	OIC 675/97	Yes	**$8,500,000.00**
$1,325,359.57	**$0.00**	$0.00	OIC 675/97	Yes	**$8,500,000.00**
$759,480.04					
$111,286.43					
$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$250,000,000.00**
$1,017,378.17					
#REF!					
$1,150,762.03					
$0.00	**$0.00**	$0.00	OIC 675/97	Yes	$1,760,281.74
$469,648.86			OIC 675/97	Yes	**$3,843,232.41**
################		$0.00	OIC 675/98	Yes	$1,309,745,253.79
################	**$15,613.25**	-$15,613.25	OIC 675/97	**Yes**	$2,568,427,927.75
$746,069.37			OIC 675/97	Yes	**$6,500,000.00**
$30,000,000.00		$157,000,000.00	OIC 675/97	Yes	**$200,000,000.00**
################					$1,478,672,894.85
$0.00	**$0.00**	$0.00	OIC 675/97	**Yes**	$2,497,979.62
	$0.00	$975,558,250.60			
$8,000,000.00	**$0.00**	$0.00	OIC 675/97	**Yes**	$2,000,000.00
$938,246.87		$0.00			
$11,697,000.00					
$467,038.59	**$0.00**	$0.00	OIC 675/97	**Yes**	$1,452,961.41
$8,215,761.00	**$0.00**	$0.00			

From:	Sarah Harris
To:	Kelly Listoe
Subject:	FW:
Date:	Thursday, April 13, 2017 11:11:34 AM
Attachments:	TD Province of Ontario NDA v2.doc

From: Mike Manning
Sent: Thursday, April 13, 2017 11:02 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW:

Hi Sarah:
As we discussed.
Mike

From: Holloway, Harold [mailto:Harold.Holloway@tdsecurities.com]
Sent: Thursday, April 13, 2017 10:18 AM
To: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Thom, Trevor <Trevor.Thom@tdsecurities.com>
Subject:

Scott,

As discussed yesterday, I attach a Non-Disclosure Agreement relating to the Fair Hydro Plan and GA Deferral Financing. I hope this is helpful. It is a form which TD has used in the past and we are happy to execute it. Please let me know if you have any questions.

Have a great long weekend.

Harold

Harold R. Holloway | Managing Director, Head of Power and Utilities
Investment Banking, Global Energy and Power Group | **TD Securities Inc.**
TD Tower 8th floor, 66 Wellington Street West, Toronto, ON M5K1A2
T: 416 308 9091 | M: 416 270 5096 | F: 416 983 3176
harold.holloway@tdsecurities.com

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NON-DISCLOSURE AGREEMENT

This Non-Disclosure Agreement (the "Agreement") is entered into, and effective from, the ____ day of _____, 20___ by and between The Province of Ontario (the "Province") and TD Securities Inc. ("**TD**"), an Ontario Corporation.

WHEREAS the Province and TD (collectively referred to as the "**Parties**" and each individually as a "**Party**") wish to discuss the Fair Hydro Plan and the associated financings (the "**Transactions**") and wish to clarify the manner in which any Confidential Information of the Province (as hereinafter defined) disclosed in the course of such discussions is to be treated by TD.

NOW THEREFORE, in consideration of the premises and mutual obligations contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereby agree as follows:

1. ***Definition of Confidential Information.*** For the purposes of this Agreement, the term "**Confidential Information**" means any information, knowledge, know-how, data, reports, notes, analyses, studies, interpretations, forecasts, audit reports, customer information, works, computer programs, technology, intellectual property, processes, systems, methodologies, ideas, innovations, business information, compilations, lists and other records concerning the business, financial, commercial, trade, and administrative affairs of the Province which, after the date hereof, may become known to TD, whether the form or manifestation of such Confidential Information is oral, written, electronic, digital, graphic, or any other tangible or intangible form whatsoever.

2. ***Protection and Non-Disclosure of Confidential Information.*** TD covenants and agrees that it shall protect the Confidential Information from harm, loss, theft and unauthorized access and that, except as provided herein, it shall not disclose any Confidential Information to any person or use the Confidential Information for any purpose except to the limited extent necessary to assist the Company in evaluating, negotiating and implementing the Transactions. Without limiting the generality of the foregoing, TD shall use at least the same degree of care, but no less than reasonable care, to avoid unauthorized disclosure or use of the Confidential Information as it employs in respect of its own Confidential Information of like importance. Without the prior consent of the other Party and except as otherwise provided herein, neither Party will, and each Party will direct its respective Representatives not to, disclose to any other person: (i) the existence and content of this Agreement; and (ii) the fact that discussions are taking place between the Parties concerning the Transactions.

3. ***Disclosure to Representatives.*** Notwithstanding section 2, TD may disclose the Confidential Information to those of its and its parent's directors, officers, employees, agents, contractors, consultants and legal, financial and other advisors (collectively, "**Representatives**") who need to know the Confidential Information for the purposes of assisting the Company in evaluating, negotiating and implementing the Transactions, provided that such Representatives are advised of the confidential nature of the Confidential Information. TD shall be responsible for any violation of this Agreement by its Representatives.

4. ***Exceptions to Non-Disclosure.*** Notwithstanding any other provisions of this Agreement, the obligations of TD under section 2 of this Agreement shall not apply, or will cease to apply, as the case may be, to Confidential Information if and to the extent that: (i) it was previously known to or in the possession of TD or its Representatives prior to receipt from the

Province; (ii) it is independently developed by or on behalf of TD or its Representatives without reference to the Confidential Information; (iii) it is or becomes publicly available and/or generally known in the industry, other than through a breach of this Agreement; (iv) it is disclosed to TD or its Representatives by a source other than the Province, provided such source is not known by TD or its Representatives to be bound by any contractual, legal or fiduciary obligation of confidentiality to the Province with respect to the information; (v) it is or has been excluded, in writing, from the scope of this Agreement by the Province (but only to the extent of and subject to any terms set out in such written exclusion); or (vi) TD and/or any of its Representatives is required or requested by any court, administrative agency, governmental or regulatory (including self-regulatory) body, stock exchange or securities commission of competent jurisdiction or under any applicable legal process, law, rule, regulation, subpoena, order or decree (collectively, "**Law**") to disclose, reveal or surrender any of the Confidential Information or details regarding the Transactions.

5. ***Required Disclosure.*** With respect to section 4(vi) above, if TD and/or any of its Representatives is required or requested to disclose any of the Confidential Information, TD shall, and if applicable shall direct its Representatives to, if permitted by applicable Law, notify the Province in writing promptly so that the Province may seek, at its own expense, a protective order or other appropriate remedy. In the absence of a protective order or other appropriate remedy, TD agrees to, and if applicable agrees to direct its Representatives to, furnish only that portion of the Confidential Information which is legally required (in the opinion of TD's counsel) and to provide reasonable cooperation to the Province in its effort, at its own expense, to obtain assurance, from the person to whom disclosure must be made, that the Confidential Information will be treated in a manner consistent with section 2 of this Agreement. The prohibitions and obligations in this Agreement related to the disclosure of Confidential Information and details regarding the Transactions shall not apply to any disclosure or proposed disclosure to a regulator having authority over TD or its parent.

6. ***Return or Destruction of Confidential Information.*** The Confidential Information (including any changes, revisions, improvements or modifications thereto) shall remain the Province's property. Upon the request of the Province, TD shall, and shall direct its Representatives to, return or destroy (at TD's option) all of the Confidential Information and provide the Province with written certification of compliance with this section 6. Notwithstanding the foregoing, TD and its Representatives, as applicable, may retain copies of Confidential Information: (i) that TD or its Representatives are required to retain for regulatory, legal and compliance purposes; (ii) that are automatically retained as part of a computer back-up, recovery or similar archival or disaster recovery system; or (iii) that was provided to TD's or its parent's board of directors or any committee thereof.

7. ***Equitable Relief.*** TD acknowledges and agrees that any breach or non-performance by TD of its obligations and duties in connection with this Agreement may cause the Province immediate and irreparable harm for which damages may not be an adequate remedy. Accordingly, TD agrees that the Province may have the right, in addition to its other rights and remedies, to seek equitable relief for any violation of this Agreement.

8. ***No Warranty.*** TD acknowledges and agrees that all Confidential Information is provided on an "as is" basis without any representation, warranty or covenant, express or implied, as to the origin, authorship, usefulness, reliability, fitness for a particular purpose, merchantability, accuracy, timeliness or completeness of any of the Confidential Information.

9. ***No Other Relationships or Agreements.*** The Parties agree that this Agreement is for the purposes of protecting the Confidential Information only and creates no joint venture or partnership or any agency relationship between any of them. The Parties agree that this Agreement does not in any manner whatsoever obligate them to enter into any further agreements or transactions.

10. ***General.*** This Agreement is governed by the laws of the Province of Ontario without regard to its rules on conflicts of law. Neither Party may assign its rights or obligations under this Agreement. No modification or waiver of any provision of this Agreement shall be effective unless in writing and signed by the Party sought to be bound. The headings in this Agreement are for convenience of reference only, are not part of this Agreement, and do not affect its interpretation. This Agreement is the entire agreement between the Parties on non-disclosure of confidential information and supersedes all prior representations and agreements between the Parties on that subject. This Agreement shall expire one year from the date hereof.

AGREED:

THE PROVINCE OF ONTARIO	**TD SECURITIES INC.**
By:_____	By:_____
Name:_____	Name: Trevor Thom
Title:_____	Title: Managing Director and Group Head, Government Finance

From: Sarah Harris
To: Lisa Stein; Salman Qadir
Cc: Bruno Amara; John Kim; William Tan
Subject: FW: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Friday, June 09, 2017 4:10:42 PM
Attachments: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v3.docx
05 - IESO-OEFC - Loan and Line of Credit Renewal - Appendix Directives_LoC - April 2010-2014_all.pdf
IESO_OFA FHP 2017 Credit Letter.docx

Hi Lisa and Salman,

I note that IESO made the following for the term of the credit facility request in their attached letter:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);

I think that an the actual date should be referenced in the OIC, since they are asking for slightly in excess of a 5 year period.

I think we would usually want to run the draft directive by Patrick as LSB as well?

Thanks,

Sarah

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein
Cc: Bruno Amara ; John Kim ; Sarah Harris
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I've made some changes to the directive, some based on our discussion and some based on an example of another directive I found for a line of credit (see pdf attached, albeit between OEFC and IESO). You'll see that there are still some questions to confirm, so we can leave those comments in.

If you can take a look at the drafting and if you're okay with it (feel free to make additional changes), I will clean it up and circulate to CMD/senior management for another review and to gauge some feedback on the remaining questions.

Accordingly, I can drop by any time today to discuss further.

Thank you again,

Salman

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

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

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

Thank you,

Lisa

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

****
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****

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

To: Ontario Financing Authority ("OFA")

~~**WHEREAS**~~**Whereas**:

The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

~~**WHEREAS: [IESO has requsted funding…..]**~~

Therefore:

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

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

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

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

2.
3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than five years after the execution date of the Line of Credit.

~~2.~~4. The OFA will charge interest on the ~~Loan~~ Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

~~3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.~~

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

~~4.~~6. The ~~Loan~~ Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and ~~approved by the CEO of the OFA, or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.~~to be entered into by the IESO and the OFA.

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Commented [SQ21]: Consistent with OIC.

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Commented [LS2]: Salman to confirm

Commented [SQ23R2]: This is due process and we should expect this. Will remove otherwise.

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Commented [LS4]: IESO is requesting 5 year term. New directive after 5 years?

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

Commented [SQ26R5]: This will be subject to how the agreement is set up. Will need to speak with Carlos.

As of now, IESO is requesting that advances be allowed for as minimum as 7-days. There is no equivalent rate for a 7-day borrowing. Initial conversations with CMD suggested we simply do "if advance less than 30 days, use 30-day t-bill" – or similarly, since advances are expected to be no more than 95 days, simply use 90-day t-bill rate for all advances.

Commented [SQ27]: OIC expires on December 31, 2047. However, changing this date to match IESO request, so suggesting for this to state "5-year after date of corresponding credit agreement.

Commented [LS8]: IESO is requesting 5 year term. New directive after 5 years?

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

Commented [LS9]: For further discussion.

Commented [SQ210]: For senior management:

Should the spread be retained like most other loan agreements? Or should we remit this back to Province.

Dated , 2017

_____

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit") for the purpose of replacing the current IESO $60 million revolving line of credit with the Toronto-Dominion Bank which is used for liquidity purposes and to temporarily fund corporate requirements, and which matures on April 30, 2010.

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

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $60 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2013.
- Interest shall be payable on the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated April 20th., 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
REFINANCING LOAN TO IESO

To: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") a principal amount of C$78.2 million (the "Loan") during the period from May 1, 2011, to May 1, 2013 for the purpose of refinancing debt owing from IESO to OEFC that matures on May 1, 2011.

The Loan shall be subject to the following terms:

- The term of the Loan shall be two years from May 1, 2011 to May 1, 2013.
- Interest shall be payable on the Loan at a rate established as of May 1, 2011, based on the Province of Ontario's cost of borrowing for a two year term, determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Loan shall be subject to such other terms as OEFC deems appropriate.

The terms of the Loan shall be set out in a loan agreement to be entered into by OEFC and the IESO.

Dated April 20th, 2011

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

It is now desirable to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

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

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $110 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2014.
- Effective as of May 1, 2013 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief

Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).

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

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 19 2013, 2013

The Honourable Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

Under a further directive dated April 19, 2013 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "C" hereto, OEFC was directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

It is now desirable to decrease the Line of Credit to a principal amount of up to $95 million to provide temporary funding for IESO corporate requirements, and to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

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

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $95 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2017.
- Effective as of May 1, 2014 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 08, 2014

The Honourable Charles Sousa
Minister of Finance

Connecting Today.
Powering Tomorrow.

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

May 12, 2017.

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

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

Dear Mr. Mayman,

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

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

IESO's FHP Credit Requirements and Rationale

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

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

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

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

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

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Sarah Harris
To:	William Tan
Subject:	FW: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Friday, June 09, 2017 9:00:30 AM
Attachments:	4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Will,

Here are Lisa's comment on the draft directive.

Sarah

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir
Cc: Bruno Amara ; John Kim ; Sarah Harris
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further draft.

Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

WHEREAS: [insert background re: OFHP Act]

WHEREAS: [IESO has requsted funding…..]

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to ~~make a loan~~provide a revolving credit facility to the Independent Electricity System Operator ("IESO") in a total principal amount of up to CAD $2,000,000,000.00 (the "Loan").

The following terms and conditions shall apply in respect of the Loan~~s~~:

1. The Loan shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of ~~the Fair Hydro Plan, under~~ the *Ontario Fair Hydro Plan Act, 2017.*

2. A Loan to IESO will only be made at the request and on the recommendation of the Minister of Energy.

3. The OFA will charge interest on the Loan equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread ~~("Spread")~~.

4. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.

5. ~~Each of the~~The ~~-~~Loan~~s~~ shall be evidenced by a ~~loan~~ credit agreement containing terms and conditions consistent with this Directive and approved by the CEO of the OFA, or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for ~~each Loan~~the Loan made under the authority of this Directive, the amount of the spread retained by the OFA ~~is~~ shall be equal to ~~-~~twenty-five (25) basis points.~~the Spread, if any, for the Loan as set out above~~.

Dated , 2017

Commented [LS1]: Salman to consider….

Commented [SQ22]: Consistent with OIC.

Commented [LS3]: Salman to provide additional language/details/context

Commented [LS4]: Salman to confirm

Commented [LS5]: NTD: If possible, include term for each advance? TBC by Salman

Commented [SQ26]: Consistent with OIC.

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Charles Sousa
Minister of Finance

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Subject:	FW: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
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Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

WHEREAS: [insert background re: OFHP Act]

WHEREAS: [IESO has requsted funding…..]

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2. A Loan to IESO will only be made at the request and on the recommendation of the Minister of Energy.

3. The OFA will charge interest on the Loan equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread ~~("Spread")~~.

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Dated , 2017

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Charles Sousa
Minister of Finance

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To: Lisa Stein; Salman Qadir
Cc: Bruno Amara; John Kim; William Tan
Subject: FW: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Friday, June 09, 2017 4:10:42 PM
Attachments: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v3.docx
05 - IESO-OEFC - Loan and Line of Credit Renewal - Appendix Directives_LoC - April 2010-2014_all.pdf
IESO_OFA FHP 2017 Credit Letter.docx

Hi Lisa and Salman,

I note that IESO made the following for the term of the credit facility request in their attached letter:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);

I think that an the actual date should be referenced in the OIC, since they are asking for slightly in excess of a 5 year period.

I think we would usually want to run the draft directive by Patrick as LSB as well?

Thanks,

Sarah

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein
Cc: Bruno Amara ; John Kim ; Sarah Harris
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I've made some changes to the directive, some based on our discussion and some based on an example of another directive I found for a line of credit (see pdf attached, albeit between OEFC and IESO). You'll see that there are still some questions to confirm, so we can leave those comments in.

If you can take a look at the drafting and if you're okay with it (feel free to make additional changes), I will clean it up and circulate to CMD/senior management for another review and to gauge some feedback on the remaining questions.

Accordingly, I can drop by any time today to discuss further.

Thank you again,

Salman

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further draft.

Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

~~**WHEREAS**~~**Whereas**:

The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

~~**WHEREAS: [IESO has requsted funding…..]**~~

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to ~~provide a~~lend ~~revolving credit facility~~ to the ~~Independent Electricity System Operator ("IESO")~~IESO under a revolving credit facility (the "Line of Credit") in an aggregate ~~total~~ principal amount of up to CAD $2,000,000,000.00 ~~(the "Loan")~~.

The following terms and conditions shall apply in respect of the ~~Loan~~Line of Credit:

1. The ~~Loan~~ Line of Credit shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of , and its participation in,the *Ontario Fair Hydro Plan Act, 2017.*

   A ~~Loan~~ Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

2.
3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than five years after the execution date of the Line of Credit.

~~2.~~4. The OFA will charge interest on the ~~Loan~~ Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

~~3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.~~

5. The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

~~4.~~6. The ~~Loan~~ Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and ~~approved by the CEO of the OFA, or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.~~to be entered into by the IESO and the OFA.

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Commented [SQ21]: Consistent with OIC.

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Commented [LS2]: Salman to confirm

Commented [SQ23R2]: This is due process and we should expect this. Will remove otherwise.

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Commented [LS4]: IESO is requesting 5 year term. New directive after 5 years?

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Commented [LS5]: NTD: If possible, include term for each advance? TBC by Salman

Commented [SQ26R5]: This will be subject to how the agreement is set up. Will need to speak with Carlos.

As of now, IESO is requesting that advances be allowed for as minimum as 7-days. There is no equivalent rate for a 7-day borrowing. Initial conversations with CMD suggested we simply do "if advance less than 30 days, use 30-day t-bill" – or similarly, since advances are expected to be no more than 95 days, simply use 90-day t-bill rate for all advances.

Commented [SQ27]: OIC expires on December 31, 2047. However, changing this date to match IESO request, so suggesting for this to state "5-year after date of corresponding credit agreement.

Commented [LS8]: IESO is requesting 5 year term. New directive after 5 years?

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Loan made under the authority of this Directive, the amount of the spread retained by the OFA shall be equal totwenty-five (25) basis points.

Commented [LS9]: For further discussion.

Commented [SQ210]: For senior management:

Should the spread be retained like most other loan agreements? Or should we remit this back to Province.

Dated , 2017

_____

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit") for the purpose of replacing the current IESO $60 million revolving line of credit with the Toronto-Dominion Bank which is used for liquidity purposes and to temporarily fund corporate requirements, and which matures on April 30, 2010.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $60 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2013.
- Interest shall be payable on the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated April 20th., 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
REFINANCING LOAN TO IESO

To: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") a principal amount of C$78.2 million (the "Loan") during the period from May 1, 2011, to May 1, 2013 for the purpose of refinancing debt owing from IESO to OEFC that matures on May 1, 2011.

The Loan shall be subject to the following terms:

- The term of the Loan shall be two years from May 1, 2011 to May 1, 2013.
- Interest shall be payable on the Loan at a rate established as of May 1, 2011, based on the Province of Ontario's cost of borrowing for a two year term, determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Loan shall be subject to such other terms as OEFC deems appropriate.

The terms of the Loan shall be set out in a loan agreement to be entered into by OEFC and the IESO.

Dated April 20th, 2011

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

It is now desirable to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $110 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2014.
- Effective as of May 1, 2013 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief

Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).

- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 19 2013, 2013

The Honourable Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

Under a further directive dated April 19, 2013 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "C" hereto, OEFC was directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

It is now desirable to decrease the Line of Credit to a principal amount of up to $95 million to provide temporary funding for IESO corporate requirements, and to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $95 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2017.
- Effective as of May 1, 2014 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 08, 2014

The Honourable Charles Sousa
Minister of Finance

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Sarah Harris
To:	Lisa Stein; William Tan
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 4:50:54 PM
Attachments:	FHP credit facility agreement draft June 23, 2017.docx

Oops. Here's the attachment.

From: Sarah Harris
Sent: Friday, June 23, 2017 4:50 PM
To: Lisa Stein ; William Tan
Cc: Tobias P. Whitfield (MOF)
Subject: RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Thanks, Lisa.
I've accepted your changes and cleaned up the draft. Based on Salman's comment, I've removed the question IESO regarding "medium" term vs short term advances.
As such, I only have one comment box left as an inquiry for IESO.
I cleaned up one typo, and the title on the Grid Note was in the wrong place.
Will – Would you please format the grid note to be on one page and resend to us.
Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 4:11 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Please see attached with a few additional tweaks. Please let me know if you would like to discuss further.
Thanks,
Lisa

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2.

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Dollars**" or "**$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**Continued Advance"** means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same

property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance,; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and- any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [SH1]: This provision is contained in the existing IESO-OEFC Credit Facility from 2010. Could IESO please confirm that that a request of this nature from the Province is still applicable?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERA~~R~~TOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

Formatted Table

~~Credit Facility Grid Note~~

From:	Sarah Harris
To:	Lisa Stein; William Tan
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 4:50:54 PM
Attachments:	FHP credit facility agreement draft June 23, 2017.docx

Oops. Here's the attachment.

From: Sarah Harris
Sent: Friday, June 23, 2017 4:50 PM
To: Lisa Stein ; William Tan
Cc: Tobias P. Whitfield (MOF)
Subject: RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Thanks, Lisa.
I've accepted your changes and cleaned up the draft. Based on Salman's comment, I've removed the question IESO regarding "medium" term vs short term advances.
As such, I only have one comment box left as an inquiry for IESO.
I cleaned up one typo, and the title on the Grid Note was in the wrong place.
Will – Would you please format the grid note to be on one page and resend to us.
Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 4:11 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Please see attached with a few additional tweaks. Please let me know if you would like to discuss further.
Thanks,
Lisa

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2.

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Dollars**" or "**$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**Continued Advance"** means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same

property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance,; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and- any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [SH1]: This provision is contained in the existing IESO-OEFC Credit Facility from 2010. Could IESO please confirm that that a request of this nature from the Province is still applicable?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERA~~R~~TOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

Formatted Table

~~Credit Facility Grid Note~~

From:	Sarah Harris
To:	Salman Qadir
Cc:	Opal Kandelas
Subject:	FW: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:53:52 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx

Hi Salman,
I spoke with Mike. Seems that the big guys have been talking and it's all sorted out. It looks like Mike had communicated our two points on the interest rate (it's ok) and the draw period (ok to reduce minimum to 7 days).
We'll wait to hear back from Ron.
Thanks,
Sarah

From: Mike Manning
Sent: Thursday, May 11, 2017 2:49 PM
To: Sarah Harris ; Linda Smith
Subject: FW: DRAFT IESO FH credit letter
For your info.
Mike

From: Ronald Kwan
Sent: Thursday, May 11, 2017 12:38 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter
Hi,
Following a call with Mike, I made some edits. I can send this back to Anthony.
Ron

From: Ronald Kwan
Sent: May-11-17 12:21
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter
Hi Mike, Ken,
Did you have comments on the letter? Staff here have made some initial comments. IESO wanted to issue this this week.
I think on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. Does that work for you?
Do the timelines and spread wording work for you?
Ron

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: May-09-17 10:26
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

See attached draft letter we hope to issue this week – for your comments (will appreciate by Thursday this week if any).

I did speak with Moody's on April 28 to obtain their feedback.

Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).

As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.

Regards.

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan~~rogram~~**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its inten~~s~~tion to implement the proposed Fair Hydro Plan~~program~~ (FHP) to reduce electricity prices for eligible consumers in the province. Proposed l~~L~~egislation ~~is expected to be~~was introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority~~'s~~ (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's spreading out of global adjustment costs~~smoothing~~ for a period of several months, if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's initial period of deferral of electricity prices, ~~period~~ plus a few months of contingency (i.e., to September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 per cent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- Existing $975 million facility: draws to permit for FHP purposes until the credit agreement for FHP purposes has been made available; and

Commented [A1]: Please confirm that the requirement is $1.5 billion as it is preferred to keep the $975M separate from FHP. And see comment below.

Commented [A2]: It is preferred that a separate credit facility be set up for FHP purposes. OFA is working to obtain the appropriate approvals required. Option to use the existing facility on an interim basis may be exercised if timing does not permit putting in place a new credit facility by the time IESO needs to make a first draw.

Commented [A3]: Overall, would it be better to purely separate out the FHP borrowing – so a larger than $1.5 bn new facility, and potentially shrink the existing $975 facility?

- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is persistent~~consistent~~ usage of these facilities we will contact the OFA for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From: Sarah Harris
To: Ken Kandeepan
Cc: Salman Qadir; Opal Kandelas; Linda Smith
Subject: FW: DRAFT IESO FH credit letter
Date: Thursday, May 11, 2017 12:45:09 PM
Attachments: IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup3.docx

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Hello Ken,
As you were a recipient on this original e-mail from Anthony Martinello at IESO, I thought I would run CMD and CEFD's comments by you so far. I understand from Salman that Ron will be providing some additional comments shortly.
Ken, do you have any comments on IESO's letter? IESO has requested a response by today.
Thanks,
Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 11:22 AM
To: Sarah Harris
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah,
Attached is CEFD comments/markup. Was waiting for one last confirmation but might as well send this out to you to which you seemed to have incorporated already.
For your 2 comments, highlighted below, the first question we need confirmed from IESO is their requirement. We prefer to go the route of doing the FHP requirement separately as well, so we need confirmation on if the requirement is $1.5 billion or is there anything else they would have used the $975M one for. We may need to reduce the $975M one.
Would you have LRC dates for June/July? Just trying to see how the timelines would fit in. You had mentioned you may have a table with some dates, just so we can work backwards.
Thanks,
Salman

From: Sarah Harris
Sent: Thursday, May 11, 2017 11:16 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Thank you, Salman
I asked Mike Manning about the changing the draw period from the current 28-95 days, to 7-95 days, and he is fine with that change.
Mike also is fine with the proposed "interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum", as it exactly matches the rate on the current $975M facility.
Just so we agree on IESO's requested in terms of setting up the credit facility, is it also your understanding that IESO wishes to:

1) amend the $975M to allow for FHP draws and to reduce the draw period to 7-95 days, but the expiry date will remain unchanged at **December 31, 2019**, and;
2) have a new FHP exclusive facility for the requested additional $1,500M commitment expiring September 30, 2022, with the terms outlined in the letter.

Have you also received confirmation that OFA will be funding the new $1,500M commitment?

Thanks,
Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 10:15 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah,
I'll be getting some comments on the letter back to you shortly. Mostly likely the same ones we discussed and which you also had.
Salman

From: Sarah Harris
Sent: Tuesday, May 09, 2017 4:15 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter

Hello John,
I'm not sure if you've seen the attached letter as of yet. We have received this request from IESO to set-up a credit facility for IESO to borrow $1,500M to fund the Fair Hydro Program.
IESO indicates that they either wish to have the existing $975M credit facility between the OFA and IESO increased by $1,500M (incorporating their proposed provisions) or to have a separate $1,500M credit facility altogether. I'm aware that there have some discussions around this. Do you know if it has been decided if OFA or OEFC should provide this facility?
Thanks,
Sarah
5-8193

From: Opal Kandelas
Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

As discussed.
Mike

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 09, 2017 10:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

See attached draft letter we hope to issue this week – for your comments (will appreciate by

Thursday this week if any).
I did speak with Moody's on April 28 to obtain their feedback.
Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).
As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.
Regards.

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ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan~~rogram~~**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its inten~~s~~tion to implement the proposed Fair Hydro Plan~~program~~ (FHP) to reduce electricity prices for eligible consumers in the province. Proposed l~~L~~egislation ~~is expected to be~~was introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority~~'s~~ (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's spreading out of global adjustment costs~~smoothing~~ for a period of several months, if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's initial period of deferral of electricity prices~~, period~~ plus a few months of contingency (i.e., to September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 per cent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- Existing $975 million facility: draws to permit for FHP purposes until the credit agreement for FHP purposes has been made available; and

Commented [A1]: Please confirm that the requirement is $1.5 billion as it is preferred to keep the $975M separate from FHP.

Commented [A2]: It is preferred that a separate credit facility be set up for FHP purposes. OFA is working to obtain the appropriate approvals required. Option to use the existing facility may be exercised if timing does not permit putting in place a new credit facility.

Commented [A3]: This is rate is the same as in the existing $975M Credit Facility and is acceptable.

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Commented [A5]: $975 million agreement is for purposes outlined under section 25.33 of the Electricity Act. Seems FHP would fall under that but legal to confirm. Either way, agreement purpose would need to be amended.

- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Commented [A6]: Agree that 28 minimum draw may be reduced to 7 days.

Should the IESO find that there is persistent~~consistent~~ usage of these facilities we will contact the OFA for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From: Sarah Harris
To: Ken Kandeepan
Cc: Salman Qadir; Opal Kandelas; Linda Smith
Subject: FW: DRAFT IESO FH credit letter
Date: Thursday, May 11, 2017 12:45:09 PM
Attachments: IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup3.docx

---

Hello Ken,
As you were a recipient on this original e-mail from Anthony Martinello at IESO, I thought I would run CMD and CEFD's comments by you so far. I understand from Salman that Ron will be providing some additional comments shortly.
Ken, do you have any comments on IESO's letter? IESO has requested a response by today.
Thanks,
Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 11:22 AM
To: Sarah Harris
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah,
Attached is CEFD comments/markup. Was waiting for one last confirmation but might as well send this out to you to which you seemed to have incorporated already.
For your 2 comments, highlighted below, the first question we need confirmed from IESO is their requirement. We prefer to go the route of doing the FHP requirement separately as well, so we need confirmation on if the requirement is $1.5 billion or is there anything else they would have used the $975M one for. We may need to reduce the $975M one.
Would you have LRC dates for June/July? Just trying to see how the timelines would fit in. You had mentioned you may have a table with some dates, just so we can work backwards.
Thanks,
Salman

From: Sarah Harris
Sent: Thursday, May 11, 2017 11:16 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Thank you, Salman
I asked Mike Manning about the changing the draw period from the current 28-95 days, to 7-95 days, and he is fine with that change.
Mike also is fine with the proposed "interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum", as it exactly matches the rate on the current $975M facility.
Just so we agree on IESO's requested in terms of setting up the credit facility, is it also your understanding that IESO wishes to:

1) amend the $975M to allow for FHP draws and to reduce the draw period to 7-95 days, but the expiry date will remain unchanged at **December 31, 2019**, and;
2) have a new FHP exclusive facility for the requested additional $1,500M commitment expiring September 30, 2022, with the terms outlined in the letter.

Have you also received confirmation that OFA will be funding the new $1,500M commitment?

Thanks,
Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 10:15 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah,
I'll be getting some comments on the letter back to you shortly. Mostly likely the same ones we discussed and which you also had.
Salman

From: Sarah Harris
Sent: Tuesday, May 09, 2017 4:15 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter

Hello John,
I'm not sure if you've seen the attached letter as of yet. We have received this request from IESO to set-up a credit facility for IESO to borrow $1,500M to fund the Fair Hydro Program.
IESO indicates that they either wish to have the existing $975M credit facility between the OFA and IESO increased by $1,500M (incorporating their proposed provisions) or to have a separate $1,500M credit facility altogether. I'm aware that there have some discussions around this. Do you know if it has been decided if OFA or OEFC should provide this facility?
Thanks,
Sarah
5-8193

From: Opal Kandelas
Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

As discussed.
Mike

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 09, 2017 10:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

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Thursday this week if any).
I did speak with Moody's on April 28 to obtain their feedback.
Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).
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Regards.

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ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan~~rogram~~**

Dear Mr. Mayman,

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Should the IESO find that there is persistent~~consistent~~ usage of these facilities we will contact the OFA for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

To:	Salman Qadir
Subject:	FW: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 11:01:21 AM

Hi Salman,

From: Mike Manning
Sent: Thursday, May 11, 2017 10:47 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah:
I'm thinking at this time that 7 to 95 days would be ok. Also the Ontario + 25bps off the top for the new facility is likely ok as it matches the $975 facility. Happy to discuss further.

Mike

From: Sarah Harris
Sent: Wednesday, May 10, 2017 4:28 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Mike,

I'm coordinating with John Kim on particulars of IESO's attached request, but would appreciate your input on the following:

1) IESO has requested "a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days." Currently the $975M OFA-IESO credit facility permits draws between 28 and 95 days. Is it acceptable to reduce the minimum amount to 7 days for the existing facility (to also be applied to the requested additional $1,500M commitment)?

2) IESO has requested the "interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum". The current $975M OFA-IESO Credit Facility provides for this same rate. Would this rate be acceptable on the requested additional $1,500M commitment?

Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

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Subject: FW: DRAFT IESO FH credit letter
Importance: High

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Subject: DRAFT IESO FH credit letter

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I did speak with Moody's on April 28 to obtain their feedback.

Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).

As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.

Regards.

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From:	William Tan
To:	Sarah Harris
Subject:	FW: DRAFT IESO FH credit letter
Date:	Wednesday, May 10, 2017 12:01:26 PM
Attachments:	FHP Comparison Table.docx

Hello Sarah,
Please find the FHP Comparison Table comparing FHP provisions against the updated IESO Credit Agreement.
Thanks,
Will

From: Sarah Harris
Sent: Tuesday, May 09, 2017 3:46 PM
To: William Tan
Subject: FW: DRAFT IESO FH credit letter

Hi Will,
We have the attached request from IESO to set-up a credit facility for IESO to borrow $1,500 to fund the Fair Hydro Program. I am going to ask you to work on this file, please.
Currently, IESO has credit facilities with the OFA and OEFC.
The $975M facility referred to in the attached letter is an existing credit facility between the OFA and IESO. The original agreement for the credit facility, signed in 2005, was between the OPA and OFA. However, in 2014/2015, the OPA and IESO merged to simply form "IESO". Hence, the 2005 OPA-OFA credit facility became the OFA-IESO credit facility.
IESO is asking to either modify the $975M OFA-IESO credit facility to include an additional $1,500 with the proposed provisions in the letter **OR** to set up a new credit facility with the proposed provisions in the letter. It is not certain which route we should be going yet, and whether the credit facility for the $1500M should be with the OFA or OEFC.
The first step is to review the original $975M OFA-IESO credit facility agreement to see how the provisions that are being proposed compare to provisions in the agreement.. You'll note that there are 9 amending agreements, but Lenin has included history for eight of the agreements(attached). I believe the 9th amending agreement extends the date (among possibly amended provisions) I think the best way to do this is to prepare a chart to compare the proposed provisions (the 5 bullet points in the letter) to the existing provisions in the agreement.
The files are located here:
Z:\Users\CMB\Documentation\IESO-OPA Merger\ONTARIO POWER AUTHORITY\Credit Agreement
This file is time sensitive, so I would need a draft by end of day tomorrow, please. If you need Andrea to assist with T-Bills and IO Loans tomorrow, please let me know. Your other projects can be put on the back burner.
Thanks,
Sarah

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To: Sarah Harris <Sarah.Harris@ofina.on.ca>
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Importance: High

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Comparison Table: Fair Hydro Program Amending Agreement 10 and IESO Amending Agreement 9

Amending Agreement 10	Amending Agreement 9
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FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers	FHP only: Update s. 3.3(3) from Amending Agreement 9.
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$975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days	Update s. 3.3(3) under Amending Agreement 9. OFA perspective – Explore internally if the 7 day financing minimum creates any issues operationally.

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Date:	Wednesday, May 10, 2017 12:01:26 PM
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Importance: High

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From:	Sarah Harris
To:	John Kim
Cc:	Salman Qadir; Linda Smith; Opal Kandelas; Bruno Amara
Subject:	FW: DRAFT IESO FH credit letter
Date:	Tuesday, May 09, 2017 4:15:15 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft.docx

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Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Program**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the Fair Hydro program (FHP) to reduce electricity prices for consumers in the province. Legislation is expected to be introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority's (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's global adjustment smoothing for a period of several months if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's deferral of electricity prices period plus a few months of contingency (i.e. September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- $975 million: draws to permit for FHP purposes; and
- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is consistent usage of these facilities we will contact the OFA

for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Sarah Harris
To:	John Kim
Cc:	Salman Qadir; Linda Smith; Opal Kandelas; Bruno Amara
Subject:	FW: DRAFT IESO FH credit letter
Date:	Tuesday, May 09, 2017 4:15:15 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft.docx

Hello John,
I'm not sure if you've seen the attached letter as of yet. We have received this request from IESO to set-up a credit facility for IESO to borrow $1,500M to fund the Fair Hydro Program.
IESO indicates that they either wish to have the existing $975M credit facility between the OFA and IESO increased by $1,500M (incorporating their proposed provisions) or to have a separate $1,500M credit facility altogether. I'm aware that there have some discussions around this. Do you know if it has been decided if OFA or OEFC should provide this facility?
Thanks,
Sarah
5-8193

From: Opal Kandelas
Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

As discussed.
Mike

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 09, 2017 10:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

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I did speak with Moody's on April 28 to obtain their feedback.
Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).
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Regards.

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416-969-6232

From: Sarah Harris
To: William Tan
Subject: FW: DRAFT IESO FH credit letter
Date: Tuesday, May 09, 2017 3:46:04 PM
Attachments: IESO_OFA FEP 2017 Credit Letter v3 draft.docx
History of OPA Amending Agreements.doc

Hi Will,
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The first step is to review the original $975M OFA-IESO credit facility agreement to see how the provisions that are being proposed compare to provisions in the agreement.. You'll note that there are 9 amending agreements, but Lenin has included history for eight of the agreements(attached). I believe the 9th amending agreement extends the date (among possibly amended provisions) I think the best way to do this is to prepare a chart to compare the proposed provisions (the 5 bullet points in the letter) to the existing provisions in the agreement.
The files are located here:
Z:\Users\CMB\Documentation\IESO-OPA Merger\ONTARIO POWER AUTHORITY\Credit Agreement
This file is time sensitive, so I would need a draft by end of day tomorrow, please. If you need Andrea to assist with T-Bills and IO Loans tomorrow, please let me know. Your other projects can be put on the back burner.
Thanks,
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Importance: High

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A. Pivnick
July 25, 2007

Updated: Lenin Alvarez-Bravo
August 17, 2016

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Importance: High

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To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High
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August 17, 2016

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Subject:	FW: DRAFT IESO FH credit letter
Date:	Tuesday, May 09, 2017 11:54:02 AM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft.docx
Importance:	High

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To: Opal Kandelas
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Importance: High

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To:	Sarah Harris; Linda Smith
Subject:	FW: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:49:09 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx

For your info.
Mike

From: Ronald Kwan
Sent: Thursday, May 11, 2017 12:38 PM
To: Mike Manning ; Ken Kandeepan ; John Psinas ; John Kim
Subject: RE: DRAFT IESO FH credit letter

Hi,
Following a call with Mike, I made some edits. I can send this back to Anthony.
Ron

From: Ronald Kwan
Sent: May-11-17 12:21
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Mike, Ken,
Did you have comments on the letter? Staff here have made some initial comments. IESO wanted to issue this this week.
I think on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. Does that work for you?
Do the timelines and spread wording work for you?
Ron

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Sent: May-09-17 10:26
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Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan~~rogram~~**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its inten~~s~~tion to implement the proposed Fair Hydro Plan~~program~~ (FHP) to reduce electricity prices for eligible consumers in the province. Proposed l~~L~~egislation ~~is expected to be~~was introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

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We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's initial period of deferral of electricity prices, ~~period~~ plus a few months of contingency (i.e., to September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 per cent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- Existing $975 million facility: draws to permit for FHP purposes until the credit agreement for FHP purposes has been made available; and

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Commented [A2]: It is preferred that a separate credit facility be set up for FHP purposes. OFA is working to obtain the appropriate approvals required. Option to use the existing facility on an interim basis may be exercised if timing does not permit putting in place a new credit facility by the time IESO needs to make a first draw.

Commented [A3]: Overall, would it be better to purely separate out the FHP borrowing – so a larger than $1.5 bn new facility, and potentially shrink the existing $975 facility?

- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is persistent~~consistent~~ usage of these facilities we will contact the OFA for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Opal Kandelas
To:	Sarah Harris
Subject:	FW: DRAFT IESO FH credit letter
Date:	Tuesday, May 09, 2017 11:54:02 AM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft.docx
Importance:	High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas
Subject: FW: DRAFT IESO FH credit letter
Importance: High

As discussed.
Mike

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 09, 2017 10:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

See attached draft letter we hope to issue this week – for your comments (will appreciate by Thursday this week if any).
I did speak with Moody's on April 28 to obtain their feedback.
Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).
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Regards.

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May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
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Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Mike Manning
To:	Sarah Harris; Linda Smith
Subject:	FW: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:49:09 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx

For your info.
Mike

From: Ronald Kwan
Sent: Thursday, May 11, 2017 12:38 PM
To: Mike Manning ; Ken Kandeepan ; John Psinas ; John Kim
Subject: RE: DRAFT IESO FH credit letter

Hi,
Following a call with Mike, I made some edits. I can send this back to Anthony.
Ron

From: Ronald Kwan
Sent: May-11-17 12:21
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Mike, Ken,
Did you have comments on the letter? Staff here have made some initial comments. IESO wanted to issue this this week.
I think on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. Does that work for you?
Do the timelines and spread wording work for you?
Ron

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: May-09-17 10:26
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

Subject: FW: DRAFT IESO FH credit letter
Date: Thursday, May 11, 2017 2:47:05 PM
Attachments: IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup3.docx
FW DRAFT IESO FH credit letter .msg

Hi Mike,
Just letting you know that there appears to be a communication gap on responding to IESO with regard to their request. Ken, Ron and yourself were recipients of the original request from IESO.
I have been coordinating with Salman/John Kim to combine joint a response to the letter, which I also provided to Ken for comment (see attached letter and e-mail below).
Salman was now just been informed that Ron had this afternoon reached out to Anthony Martinello to provide CEFD's comments only (attached e-mail); I understand that Ron had touched base with Ken and possibly yourself.
We have additional comments on the rate (

From: Sarah Harris
Sent: Thursday, May 11, 2017 12:45 PM
To: Ken Kandeepan
Cc: Salman Qadir ; Opal Kandelas ; Linda Smith
Subject: FW: DRAFT IESO FH credit letter
Hello Ken,
As you were a recipient on this original e-mail from Anthony Martinello at IESO, I thought I would run CMD and CEFD's comments by you so far. I understand from Salman that Ron will be providing some additional comments shortly.
Ken, do you have any comments on IESO's letter? IESO has requested a response by today.
Thanks,
Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 11:22 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter
Hi Sarah,
Attached is CEFD comments/markup. Was waiting for one last confirmation but might as well send this out to you to which you seemed to have incorporated already.
For your 2 comments, highlighted below, the first question we need confirmed from IESO is their requirement. We prefer to go the route of doing the FHP requirement separately as well, so we need confirmation on if the requirement is $1.5 billion or is there anything else they would have used the $975M one for. We may need to reduce the $975M one.
Would you have LRC dates for June/July? Just trying to see how the timelines would fit in. You had mentioned you may have a table with some dates, just so we can work backwards.
Thanks,
Salman

From: Sarah Harris
Sent: Thursday, May 11, 2017 11:16 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Thank you, Salman
I asked Mike Manning about the changing the draw period from the current 28-95 days, to 7-95 days, and he is fine with that change.
Mike also is fine with the proposed "interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum", as it exactly matches the rate on the current $975M facility.
Just so we agree on IESO's requested in terms of setting up the credit facility, is it also your understanding that IESO wishes to:

1) amend the $975M to allow for FHP draws and to reduce the draw period to 7-95 days, but the expiry date will remain unchanged at **December 31, 2019**, and;
2) have a new FHP exclusive facility for the requested additional $1,500M commitment expiring September 30, 2022, with the terms outlined in the letter.

Have you also received confirmation that OFA will be funding the new $1,500M commitment?
Thanks,
Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 10:15 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter
Hi Sarah,
I'll be getting some comments on the letter back to you shortly. Mostly likely the same ones we discussed and which you also had.
Salman

From: Sarah Harris
Sent: Tuesday, May 09, 2017 4:15 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Hello John,
I'm not sure if you've seen the attached letter as of yet. We have received this request from IESO to set-up a credit facility for IESO to borrow $1,500M to fund the Fair Hydro Program.
IESO indicates that they either wish to have the existing $975M credit facility between the OFA and IESO increased by $1,500M (incorporating their proposed provisions) or to have a separate $1,500M credit facility altogether. I'm aware that there have some discussions around this. Do you know if it has been decided if OFA or OEFC should provide this facility?
Thanks,
Sarah
5-8193

From: Opal Kandelas
Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

As discussed.

Mike

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 09, 2017 10:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

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Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).

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Commented [A3]: This is rate is the same as in the existing $975M Credit Facility and is acceptable.

Commented [A4]: Overall, would it be better to purely separate out the FHP borrowing – so a larger than $1.5 bn new facility, and potentially shrink the existing $975 facility?

Commented [A5]: $975 million agreement is for purposes outlined under section 25.33 of the Electricity Act. Seems FHP would fall under that but legal to confirm. Either way, agreement purpose would need to be amended.

- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Commented [A6]: Agree that 28 minimum draw may be reduced to 7 days.

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DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From: Salman Qadir []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: FW: DRAFT IESO FH credit letter
Date: Thursday, May 11, 2017 14:27:22
Attachment 1: IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx
Attachment 2: ATT00001.htm

From: John Kim
Sent: Thursday, May 11, 2017 2:21 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter

Fyi.

From: Ronald Kwan
Sent: Thursday, May 11, 2017 1:06 PM
To: Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

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Staff had a few suggestions/comments.

As discussed on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. While drawing on the existing facility might be needed on an interim basis, it would seem cleaner and more transparent to have that possibility only until a new, separate facility is in place.

Ron

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: May-09-17 10:26
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Date: Thursday, May 11, 2017 2:47:05 PM
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FW DRAFT IESO FH credit letter .msg

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Cc: Salman Qadir ; Opal Kandelas ; Linda Smith
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Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

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- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

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Should the IESO find that there is persistent~~consistent~~ usage of these facilities we will contact the OFA for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

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416-969-6232

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Attachments: FW DRAFT IESO FH credit letter .msg

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Would you have LRC dates for June/July? Just trying to see how the timelines would fit in. You had mentioned you may have a table with some dates, just so we can work backwards.
Thanks,
Salman

From: Sarah Harris
Sent: Thursday, May 11, 2017 11:16 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Thank you, Salman
I asked Mike Manning about the changing the draw period from the current 28-95 days, to 7-95 days, and he is fine with that change.
Mike also is fine with the proposed "interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum", as it exactly matches the rate on the current $975M facility.
Just so we agree on IESO's requested in terms of setting up the credit facility, is it also your understanding that IESO wishes to:

1) amend the $975M to allow for FHP draws and to reduce the draw period to 7-95 days, but the expiry date will remain unchanged at **December 31, 2019**, and;
2) have a new FHP exclusive facility for the requested additional $1,500M commitment expiring September 30, 2022, with the terms outlined in the letter.

Have you also received confirmation that OFA will be funding the new $1,500M commitment?
Thanks,
Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 10:15 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter
Hi Sarah,
I'll be getting some comments on the letter back to you shortly. Mostly likely the same ones we discussed and which you also had.
Salman

From: Sarah Harris
Sent: Tuesday, May 09, 2017 4:15 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Hello John,
I'm not sure if you've seen the attached letter as of yet. We have received this request from IESO to set-up a credit facility for IESO to borrow $1,500M to fund the Fair Hydro Program.
IESO indicates that they either wish to have the existing $975M credit facility between the OFA and IESO increased by $1,500M (incorporating their proposed provisions) or to have a separate $1,500M credit facility altogether. I'm aware that there have some discussions around this. Do you know if it has been decided if OFA or OEFC should provide this facility?
Thanks,
Sarah
5-8193

From: Opal Kandelas
Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

As discussed.

Mike

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 09, 2017 10:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

See attached draft letter we hope to issue this week – for your comments (will appreciate by Thursday this week if any).

I did speak with Moody's on April 28 to obtain their feedback.

Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).

As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.

Regards.

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From: Salman Qadir []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: FW: DRAFT IESO FH credit letter
Date: Thursday, May 11, 2017 14:27:22
Attachment 1: IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx
Attachment 2: ATT00001.htm

From: John Kim
Sent: Thursday, May 11, 2017 2:21 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter

Fyi.

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t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan~~rogram~~**

Dear Mr. Mayman,

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The existing credit facility between the IESO and the Ontario Financing Authority~~'s~~ (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's spreading out of global adjustment costs~~smoothing~~ for a period of several months, if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

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- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is persistent~~consistent~~ usage of these facilities we will contact the OFA for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Salman Qadir
To:	Sarah Harris
Subject:	FW: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:27:23 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx ATT00001.htm

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May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

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To:	Sarah Harris
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Date:	Thursday, May 11, 2017 2:27:23 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx ATT00001.htm

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Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Sarah Harris
To:	Salman Qadir
Cc:	Opal Kandelas
Subject:	FW: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:53:52 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx

Hi Salman,
I spoke with Mike. Seems that the big guys have been talking and it's all sorted out. It looks like Mike had communicated our two points on the interest rate (it's ok) and the draw period (ok to reduce minimum to 7 days).
We'll wait to hear back from Ron.
Thanks,
Sarah

From: Mike Manning
Sent: Thursday, May 11, 2017 2:49 PM
To: Sarah Harris ; Linda Smith
Subject: FW: DRAFT IESO FH credit letter
For your info.
Mike

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Subject: RE: DRAFT IESO FH credit letter
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Following a call with Mike, I made some edits. I can send this back to Anthony.
Ron

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Subject: RE: DRAFT IESO FH credit letter
Hi Mike, Ken,
Did you have comments on the letter? Staff here have made some initial comments. IESO wanted to issue this this week.
I think on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. Does that work for you?
Do the timelines and spread wording work for you?
Ron

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Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Sarah Harris
To:	Lisa Stein
Subject:	FW: Directive re IESO loan
Date:	Wednesday, April 26, 2017 4:13:38 PM

From: Annette Pivnick

Sent: Wednesday, April 27, 2011 11:51 AM

To: Fan Bai

Subject: FW: Directive re IESO loan

Please make sure this email is saved in the IESO file because it explains how we ended up with starting the loan on a non-business day.

From: Kenneth Russell
Sent: Thursday, April 14, 2011 9:38 AM
To: Annette Pivnick; Fan Bai
Cc: Linda Smith
Subject: RE: Directive re IESO loan

Since the current loan matures May 1, 2011 it seems to me we have to stick with that date for the refinancing loan.

The rate is determined **as of** May 1. I would leave it to the technicians to decide how and when to make that determination. April 29 would seem to be a logical date.

From: Annette Pivnick
Sent: Thursday, April 14, 2011 8:04 AM
To: Kenneth Russell; Fan Bai
Cc: Linda Smith
Subject: RE: Directive re IESO loan

Ken,

I've looked at the Directive and it provides as follows:

OEFC to lend IESO $78.2 million during the period from May 1, 2011, to April 30, 2013 for the purpose of refinancing debt owing from IESO to OEFC that matures on May 1, 2011.
The Loan shall be subject to the following terms:

- The term of the Loan shall be two years from May 1, 2011 to April 30, 2013.

Interest shall be payable on the Loan at a rate established as of May 1, 2011, based on the Province of Ontario's cost of borrowing for a two year term, determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them,

Questions & Comments:

(1) May 1, 2011 is not a good business day because it is a Sunday. Is it still intended that the loan commence as of May 1. 2011?

(2) When is the rate actually determined- April 29, 2011?

(3) I don't see any business day conventions in these agreements (Fan please check) so we may want to add some language in this agreement i.e. what happens when a payment date falls on a non business day.

Thanks,

Annette

From: Kenneth Russell
Sent: Wednesday, April 13, 2011 3:41 PM
To: Fan Bai
Cc: Linda Smith; Annette Pivnick
Subject: RE:

The draft directive provides for an April 30 maturity.

From: Fan Bai
Sent: Wednesday, April 13, 2011 3:35 PM
To: Kenneth Russell
Subject:

Ken,

Shouldn't the maturity date be May 1, 2013 instead of April 30, 2013?

To my understanding, the last interest together with the principal should be paid on May 1, 2013, the very next day of the final interest accrual date of April 30, 2013.

Please advise.

Thank you.

Fan

From:	Kelly Listoe
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: Draft Amending Agreements
Date:	Wednesday, April 26, 2017 1:34:50 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges.doc IESO FORM OF BORROWING NOTICE (1).docx

Hi Lisa
This is the last version of the RCL that was sent to IESO yesterday.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Kelly Listoe
Sent: Tuesday, April 25, 2017 3:30 PM
To: 'Victor Buza'
Subject: RE: Draft Amending Agreements
Hi Victor
Attached is a revised draft of the revolving facility amendment incorporating our legal department comments. Please review and provide suggested definitions pursuant to Lisa Stein's comments, which are self explanatory. Other than that, your suggestions have been accepted.
A new form of borrowing notice is attached as well.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, April 24, 2017 4:45 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Draft Amending Agreements
Hi Kelly. Anthony asked me to assist with finalizing the draft amending agreements you forwarded for the operating and note facilities maturing this month.
Attached are marked-up versions of these amending agreements indicating our proposed revisions to the agreements. Please feel free to contact me if you have any questions concerning the attached documents.
Regards,

Victor
Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 12, 2017 11:05 AM
To: Anthony Martinello
Subject: Draft Amending Agreements

Hi Anthony:

Please find attached the draft agreements for the operating and note facilities maturing at month end.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein) ; and costs related to the market renewals program;

Commented [LS1]: This is used throughout. I recommend defining throughout and using defined term throughout. Speak to to IESO regarding this definition.

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of IESO Corporate Requirements is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time) , other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

Commented [LS2]: Is this referring to Ontario's Fair Hydro Plan, as referred to below? If so, as per my comment below, I recommend defining this term and using it here as well.

iv) The definition of "New IESO" is deleted.

v) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vi) The definition of "OPA" is deleted.

vii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

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Commented [LS3]: This should be defined; please add definition above

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7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

SCHEDULE 1 TO AMENDING AGREEMENT NO. 6

FORM OF BORROWING NOTICE

Date:

Ontario Electricity Financial Corporation **("OEFC")**
c/o Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management
(Fax No. (416-204-7920)

Dear Sirs:

The undersigned, Independent Electricity System Operator ("IESO refers to the Revolving Credit Facility Agreement dated April 23, 2010 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between IESO and OEFC, and gives you notice pursuant to Section 3.2 of the Agreement that IESO requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is •;
(b) The aggregate amount of the Proposed Advance is •;

[**IESO confirms that the $• Advance due and payable on • will be rolled.**]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for ~~the following purposes:~~

~~(1) *<indicate amount and purpose of funds requested>*~~
~~(2)~~ ~~*<indicate amount and purpose of funds requested>*~~IESO Corporate Requirements.

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IESO hereby certifies that:

The representations and warranties of IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received previously as Advances under the Agreement have been expended or are being held solely for the purpose for which they were advanced; no part of said funds has been nor any part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Authorized Signature

Per: _____
Authorized Signature

*To be confirmed by telephone call to OEFC Cash Management (416) 325-8108

From:	Kelly Listoe
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: Draft Amending Agreements
Date:	Wednesday, April 26, 2017 1:34:50 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges.doc IESO FORM OF BORROWING NOTICE (1).docx

Hi Lisa
This is the last version of the RCL that was sent to IESO yesterday.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Kelly Listoe
Sent: Tuesday, April 25, 2017 3:30 PM
To: 'Victor Buza'
Subject: RE: Draft Amending Agreements
Hi Victor
Attached is a revised draft of the revolving facility amendment incorporating our legal department comments. Please review and provide suggested definitions pursuant to Lisa Stein's comments, which are self explanatory. Other than that, your suggestions have been accepted.
A new form of borrowing notice is attached as well.
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Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, April 24, 2017 4:45 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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Hi Kelly. Anthony asked me to assist with finalizing the draft amending agreements you forwarded for the operating and note facilities maturing this month.
Attached are marked-up versions of these amending agreements indicating our proposed revisions to the agreements. Please feel free to contact me if you have any questions concerning the attached documents.
Regards,

Victor
Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
This email message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution, or copying of this email message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this email message.

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Sent: April 12, 2017 11:05 AM
To: Anthony Martinello
Subject: Draft Amending Agreements

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Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein) ; and costs related to the market renewals program;

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AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of IESO Corporate Requirements is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time) , other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

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v) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vi) The definition of "OPA" is deleted.

vii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

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7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

SCHEDULE 1 TO AMENDING AGREEMENT NO. 6

FORM OF BORROWING NOTICE

Date:

Ontario Electricity Financial Corporation **("OEFC")**
c/o Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management
(Fax No. (416-204-7920)

Dear Sirs:

The undersigned, Independent Electricity System Operator ("IESO refers to the Revolving Credit Facility Agreement dated April 23, 2010 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between IESO and OEFC, and gives you notice pursuant to Section 3.2 of the Agreement that IESO requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is •;
(b) The aggregate amount of the Proposed Advance is •;

[**IESO confirms that the $• Advance due and payable on • will be rolled.**]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for ~~the following purposes:~~

~~(1) *<indicate amount and purpose of funds requested>*~~
~~(2)~~ ~~*<indicate amount and purpose of funds requested>*~~IESO Corporate Requirements.

Formatted: Normal, No bullets or numbering, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

IESO hereby certifies that:

The representations and warranties of IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received previously as Advances under the Agreement have been expended or are being held solely for the purpose for which they were advanced; no part of said funds has been nor any part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Authorized Signature

Per: _____
Authorized Signature

*To be confirmed by telephone call to OEFC Cash Management (416) 325-8108

From:	Sarah Harris
To:	Kelly Listoe
Subject:	FW: Draft Non-disclosure Agreement
Date:	Wednesday, April 05, 2017 12:59:14 PM
Attachments:	GA NDA April 5.doc

FYI – I just sent it to Mike, so hopefully that is the end.
Sarah

From: Sarah Harris
Sent: Wednesday, April 05, 2017 12:51 PM
To: Mike Manning
Cc: Opal Kandelas
Subject: Draft Non-disclosure Agreement

Hello Mike,

Per your conversation with Opal, attached is a form of Non-Disclosure Agreement that can be sent to Ministry of Energy for their consideration.

You may note to MOE that the agreement may still require some additional detail, and that we have highlighted for them on the first page of the draft a number of issues that they may want to consider incorporating, including the clarification of the scope services provided and any relevant conflicts of interest. They may also want to consider entering into a separate agreement for advisory services, as discussed on the first page of the draft.

Thanks,
Sarah

Considerations regarding this NDA and the retention of an adviser:

Some issues that should be considered in retaining an adviser:

- Exactly what is the scope of the advice being sought. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- It should be clear who the adviser is working for, and how the advice will be presented to the Province.
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the MOE for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

MINISTER OF ENERGY
(hereinafter called "MOE")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS MOE intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province of Ontario and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
   The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]** by or on behalf of MOE for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
   Without the prior written consent of MOE, which consent may be withheld in MOE**'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

   (a) the Project Information, or any portion thereof, provided to it under this Agreement;

   (b) the fact that the Province and the **MOE** are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by **MOE** to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of **MOE** and/or the Province and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and **MOE** regarding the Project identified therein, and to provide advice and/or further information to **MOE** in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners, directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. Prior to commencing work, the Adviser/Dealer shall identify in writing to the MOE those individuals who will be primarily responsible for providing the advice/assessment to the MOE as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of MOE. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the MOE upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the MOE and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the MOE and/or the Province arising out of any breach of confidentiality by its employees, partners, directors or officers. The Adviser/Dealer acknowledges that the MOE holds the benefit of this indemnity in trust for itself and the Province and that the MOE can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a

locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the MOE **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the **MOE** and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, director or officer, shall be reported to the **MOE** by **[Adviser/Dealer]**.

9. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

10. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that **MOE** is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by **MOE** under this Agreement, **[Adviser/Dealer]** will cooperate with **MOE** in identifying records responsive to the request and responding to it in a timely manner.

11. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the MOE (or the destruction) of the Project Information provided or made available under this Agreement.

The obligations of **[Adviser/Dealer]** after the return to **MOE** of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify **MOE** of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will provide the MOE with prompt written notice and particulars so that the MOE may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the MOE and its legal counsel in obtaining any protective order or other appropriate remedy that the MOE may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the MOE, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the MOE:

(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

12. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

13. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

MINISTER OF ENERGY
by:

_____

Name: ●
Title:

[ADVISER/DEALER]
by:

_____

Name:
Title:
I have the authority to bind the company.

From: Sarah Harris
To: William Tan
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date: Tuesday, June 20, 2017 1:06:21 PM
Attachments: OFHP_IESO_OFA Credit Agreement (DRAFT) v4.doc
Comparison OFHP 2017 v. OPA 2005.docx
OFA-OPA Original Credit Agreement.docx
image001.png

Hi Will,

With regard to the following section:

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Please reach out directly to Salman and Toby (cc' Lisa) to get their assistance in defining the use of proceeds for the IESO credit facility.

Also, Toby is going to need to review the credit facility agreement. Once Lisa comes back with her comments, you'll need to go through the draft, revise it accordingly, then you can let Lisa know that you will circulate to Toby so he can provide any comments as well. It would be best to give Toby the head's up that it will be coming.

Thanks,

Sarah

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:

Section 3.4 Interest on Advances.

To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,
Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
Please find the compared version attached.
Thanks,
Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,
Can you also please create a compare with the agreement that you based this on so that I can see the changes?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,
I have revised the recitals. I hope this is more in line with what you are looking for.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,
I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hello Lisa,
Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).
Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its funding from the OFA to support the IESO's role in the implementation of the Ontario Fair Hydro Plan Act, 2017 (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public

and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Commented [WT1]: Salman and Lisa, please comment if this regulation still applies?

Commented [WT2]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT3]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its

property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "Company"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Line of Credit Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

~~ONTARIO POWER AUTHORITY~~

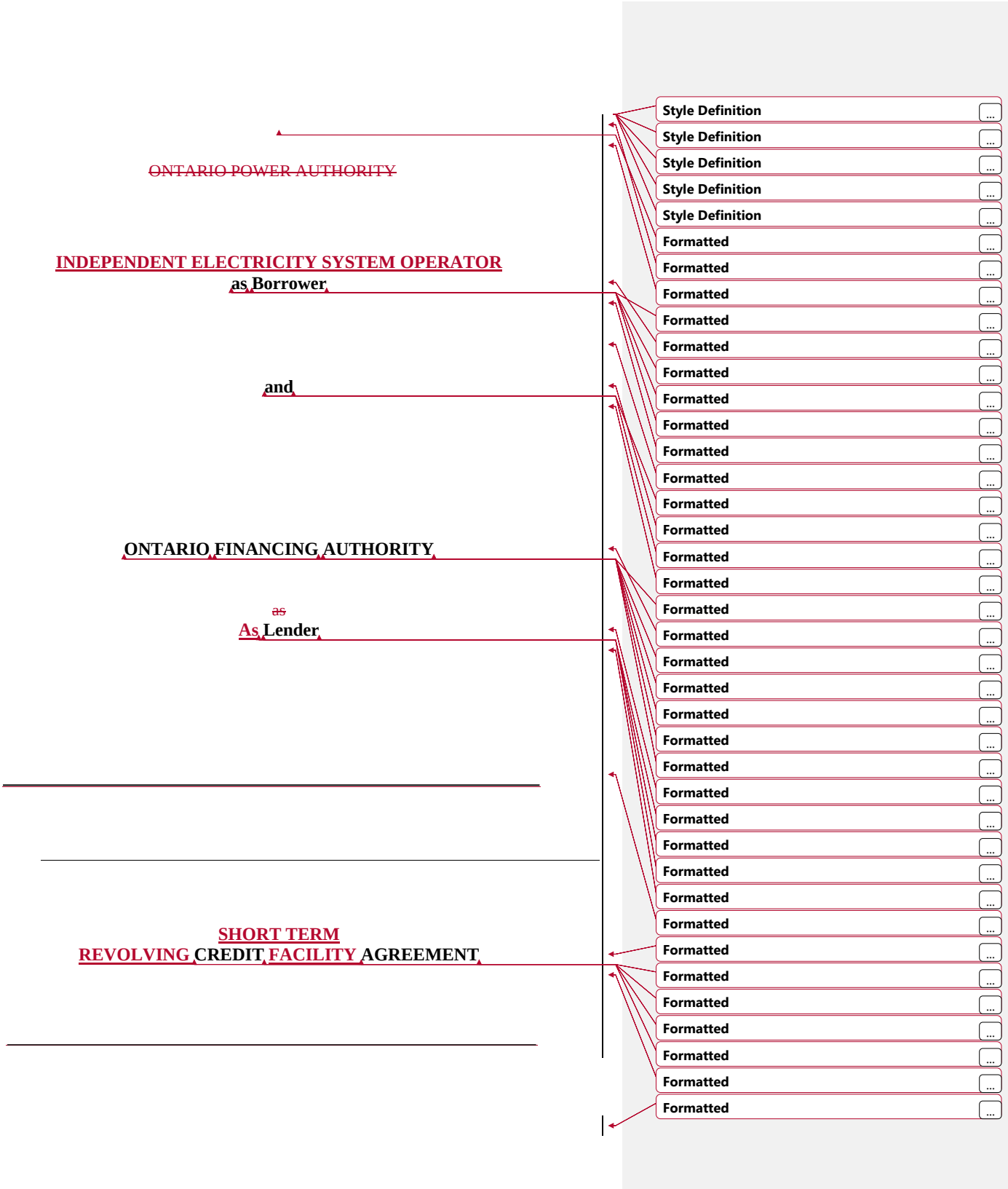
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

~~as~~
As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT



Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ~~1st~~**(·) day of** ~~January 2005, between:~~**July 2017,**

~~A. ONTARIO POWER AUTHORITY a~~**BETWEEN:**

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation ~~established~~without share capital existing under the Electricity Act, 1998 (“IESO") ~~(the "OPA")~~

(as Borrower)

AND

~~B.~~ **ONTARIO FINANCING AUTHORITY**~~,~~, a Crown agency established ~~-~~under the Capital Investment Plan Act, 1993 ~~(~~(“OFA” and together with the IESO, the ~~"OFA").~~“Parties”)

~~RECITAL:~~

(the “OFA”)

RECITALS:

WHEREAS The ~~OPA~~IESO has requested ~~an operating line of~~ a short term revolving credit facility from ~~the OFA~~OFA for the purpose of its funding from the OFA to support the IESO’s role in the ~~amount~~ implementation of ~~$500 million and the OFA has agreed to provide such a line~~the Ontario Fair Hydro Plan Act, 2017 (the “OFHP”).

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit ~~to the OPA.~~facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

~~NOW~~ **AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are ~~acknowledged~~acknowledge), the ~~paiies~~parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**“Advances**"**”** means advances made by the OFA to ~~the OPA~~IESO under Article 3 and "“Advance"

” means any one of such advances~~.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$"** means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $~~500 million~~2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the ~~OPA~~IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

~~(a)~~ (a) every obligation of such Person for borrowed money;

~~(b)~~ (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

~~(c)~~ (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

~~(d)~~ (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

~~(e)~~ (f) the Swap Termination Value of each Swap Contract of such Person; and

~~(f)~~ g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Operating Facility"**~~ **"Note"** means the ~~revolving credit facility to be made available to the OPA by the OFA~~notes of IESO issued under this Agreement ~~for the purposes specified in Section 2.3.~~.

"Permitted Liens" means:

~~(a)~~ (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

~~(b)~~ (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

~~(c)~~ (c) any obligations or duties, affecting the property of ~~OPA~~IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the ~~OPA~~IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the ~~OPA~~IESO or such Material Subsidiary;

~~(d)~~ (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs ~~of litigation~~of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

~~(e)~~ (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the ~~OPA~~IESO or a Material Subsidiary that have not at the time been filed against the ~~OPA~~IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the ~~OPA~~IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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~~(g)~~ (g) any Lien the validity of which is being contested at the time by the ~~OPA~~IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

~~(h)~~ (h) any easements, rights-of-way and servitudes that in the opinion of the ~~OPA~~IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the ~~OPA~~IESO or a Material Subsidiary;

~~(i)~~ (i) any Liens and privileges arising out of judgments or awards with respect to which the ~~OPA~~IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the ~~OPA~~IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the ~~OPA~~ IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated -organization or any government or agency or political subdivision thereof

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation ~~of law~~of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings ~~and the provision of a Table of Contents~~ are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified

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date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ~~ac.cepted~~accepted accounting principles refer to accounting ~~principles generally accepted in Canada~~policies and standards as ~~recommended in~~established by the ~~Handbook of the Canadian Institute of~~ Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 ~~OPERATING~~ REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA.~~IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 ~~Commitment and Facility Limits.~~

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3~~ Use of Proceeds.

The ~~OPA~~IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998~~.~~, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory ~~-~~Repayment.

Subject to Sections 2.~~9 and~~ 5.~~1~~ and 5.2, the ~~OPA~~IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2006.~~September 30, 2022.

Section 2.5 Prepayments.

The ~~OPA~~IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~7~~6 Payments under this Agreement.

~~The OPA~~

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the ~~OPA~~IESO from time to time, or in such other manner as the OFA may specify to the ~~OPA~~IESO from time to time. The ~~OPA~~IESO shall make each such payment in Canadian Dollars.

~~(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer~~

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~~instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.~~

Section 2.~~8~~7 Computations~~ of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~9~~8 Limit on Rate of Interest.

(1) Notwithstanding ~~-~~any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to ~~November 30, 2006~~August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made ~~on one~~subject to two Business ~~Day's~~Days' prior notice given not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the ~~OPA~~IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than ~~1 month, 2 months or 3~~7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2 ~~months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.~~

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The ~~OPA~~IESO authorizes the OFA to record on the grid

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promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each

(2) payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the ~~OPA~~IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The ~~OPA~~IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of ~~1 month, 2 months or 3 months~~7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made ~~one~~two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the ~~OPA. If the OPA~~IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

~~(1)~~ (1) The ~~OPA~~IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province's~~OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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If the ~~Repayment Date of the Advance.~~

(3) ~~If the OPA~~IESO elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~OPA~~IESO promissory note in respect of Advances held by it.
~~in respect of Advances held by it.~~

Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

~~(a)~~ (a) that the representations and warranties of the ~~OPA~~IESO contained in this Agreement are true and correct as at the date of making the Advance;

~~(b)~~ (b) that no Event of Default has occurred and is continuing;

~~(c)~~ (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the ~~OPA~~IESO; and

~~(d)~~ (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the ~~OPA~~IESO is in compliance with the ~~tenns~~terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the ~~OPA~~IESO confirming that the borrowing is within the legal powers of the ~~OPA~~IESO and that the Agreement is a direct, unsecured obligation of the ~~OPA~~IESO enforceable against the ~~OPA~~IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE ~~OPA~~IESO

Section 4.1 Payment of Advances.

The ~~OPA~~IESO will duly and punctually pay ~~or cause to be paid all~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and ~~subject to the~~ conditions of this Agreement.

Section 4.2 ~~OPA~~IESO will Maintain its Corporate Existence.

~~The OPA~~

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the ~~OPA~~IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the ~~OPA~~ IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the ~~OPA~~ IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the ~~OPA~~ IESO any such Material Subsidiary, desirable in the conduct of its business or the

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business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The ~~OPA~~IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

~~(a)~~ (a) the creation, incurrence or assumption of any Purchase Money Mortgage;

~~(b)~~ (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the ~~OPA~~IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

~~(c)~~ (c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), ~~(d)~~ (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

~~The OPA~~

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the ~~OPA~~IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province's~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the ~~OPA~~IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the ~~OPA~~IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

~~(a)~~ (a) the IESO's failure to pay ~~any interest upon~~the principal amount of any Advance ~~when it becomes due~~ and ~~payable, if such failure continues~~all interest accrued thereon on the applicable Repayment Date for a period of 3 ~~Business Days~~business days and any other amounts owing under this Agreement when due;

~~(b)~~ (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on ~~December 31, 2006~~September 30, 2022 ;

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~~(c)~~ (c) failure on the part of the ~~OPA~~IESO to observe or perform its obligations set forth in Section 4.1;

(~~c)~~ d) failure on the part of the ~~OPA~~IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the ~~OPA~~IESO by the OFA;

(~~f)~~ e) any representation or warranty made by the ~~OPA~~IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

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~~(g)~~ (f) one or more breaches by the ~~OPA~~ IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches;

~~(i)~~ (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

~~(ii)~~ (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

~~(h) the OPA:~~

(g) the IESO or any Material Subsidiary :

~~(i)~~ (i) becomes generally not able to pay its debts as they become due;

~~(ii)~~ (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

~~(iii)~~ (iii) institutes or has instituted against it any proceeding seeking:

~~(A)~~ (A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismissed~~ undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee,

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custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

~~official for it or for any substantial part of its properties and assets) occurs; or~~

~~(iv)~~ (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (h)(i) to (iii); or

(~~i~~) h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the ~~OPA~~IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

~~If~~proceedings

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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~~(a)~~ (a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

~~(b)~~ (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 Representations and Warranties of ~~OPA~~IESO

The ~~OPA~~IESO represents and warrants to the OFA that:

~~(a)~~ (a) the borrowing of money (including principal and accrued interest) by the ~~OPA~~IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the ~~OPA~~IESO and have been duly authorized by all necessary legal action and proper proceedings;

~~(b)~~ (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the ~~OPA~~IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the ~~OPA~~IESO or any contractual or other obligation binding on the ~~OPA~~IESO;

~~(c)~~ (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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~~(d)~~ (d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~3~~2.

Section 6.2 Continuation of Representation ~~-~~and Warranties

The representations~~-~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~2~~ 7~~GENERAL~~
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication ~~-~~addressed:

If to the ~~OPA~~IESO, to it at:

~~Ontario Power Authority 880 Bay~~Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON ~~M7A 2C~~M5H 1T1

Attention: Chief ~~Executive~~Financial Officer

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Telephone: (416)969-6232
~~Telecopier:~~
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
~~Telephone:~~ Telephone: (416) 325-~~8128~~8930
~~Telecopier:~~ Telecopier: (416) 325-~~8005~~8111

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~7~~8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~7~~8.1.

Section ~~7~~8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.
~~to this Agreement.~~

Section ~~7~~8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section ~~7~~8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.
~~of such right shall not preclude an other or further exercise of such right or the exercise of any other right.~~

Section ~~7~~8.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section ~~7~~8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~7~~8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~7~~8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF the ~~parties~~Parties have executed this Amending Agreement as of the ~~1st day of January, 2005~~date first written above.

ONTARIO POWER AUTHORITY

~~by:~~

~~Name: Rosalyn Lawrence~~

Authorized Signing Officer

~~and:~~

~~Name: Riggs~~

~~ONTARIO FINANCING~~ HORITY

~~by:~~

~~Name:~~
~~Title:~~ ~~Gadi Mayman~~

Chief Executive Officer

ONTARIO FINANCING AUTHORITY

Per: Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~-204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
~~M7A1Y7~~

M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and the OFA,~~), and gives you notice pursuant to Section 3.2 of the Agreement that the ~~OPA~~IESO requests an Advance under the Agreement, and, in ~~that~~ connection with such request, sets forth below the information relating to such Advance (the ~~"~~"Proposed Advance~~")~~"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
~~(b)~~ (b) The aggregate amount of the Proposed Advance is _____ $_____;
~~(c)~~ (c) The Repayment Date of the Proposed Advance is _____; ~~[not more~~ [Not earlier than ~~3 months~~7 days and not later than 95 days after the date of the Proposed Advance~~]~~.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

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constitute an Event of Default.

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would

Per: _____

~~Rosalyn Lawrence~~ **INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

Per: _____

Name:

Authorized ~~-~~Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~ 204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and OFA,~~), and gives you notice pursuant to Section 3.3 of the Agreement that the ~~OPA~~IESO elects to continue all or a portion of an Advance for an additional term, and~~,~~ in ~~that~~ connection with such election, sets forth below the information relating to ~~the~~such election as required by Section 3.3(~~3~~2) of the Agreement:

(a) The ~~outstanding~~date of the proposed election, being a Business Day is ;
(b) The aggregate amount of the proposed election is $;
~~(a)~~ i. previous principal amount ~~of such Advance to be continued is $~~ $

ii. interest $

~~(b)~~ (c) The new Repayment Date applicable to such Advance is~~; [not more~~ . [Not earlier than ~~3 months~~7 days and not later than 95 days after the current Repayment Date for the Advance~~.~~.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~ INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized -Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

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SCHEDULE 3 ~~ONTARIO POWER AUTHORITY~~
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $~~500~~2,000,000,000 Date: -

FOR VALUE RECEIVED, ~~ONTARIO POWER AUTHORITY~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR **(the "~~OPA"),~~**

Company"), incorporated under the laws of the ~~Province~~OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~OPA~~Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~OPA~~Company to record on the Grid (~~a~~i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (~~b~~ii) the applicable rate of interest for each Advance; (~~c~~iii) the repayment date of each Advance; (~~d~~iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (~~e~~v) the outstanding principal ~~balance.~~amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie~~-~~ evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as ~~of [Insert]~~amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. ~~This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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IN WITNESS WHEREOF the ~~OPA~~Company has executed this Note.

ONTARIO POWER AUTH~~ORITY~~

~~Per:~~ _____

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

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INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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~~DATE~~Date	~~PRINCIPAL RATE ADVMTCED~~Principal Advanced	~~REPAYMENT DATE AND PRINCIPAL REPAID~~Rate	~~INTEREST PAYMENT DATE AND AMOUNT~~Repayment Date and Principal Repaid	~~UNPAID PRINCIPAL BALANCE~~Interest Payment Date and Amount	~~NOTATION MADE BY~~ Unpaid Principal Balance	Notation Made By

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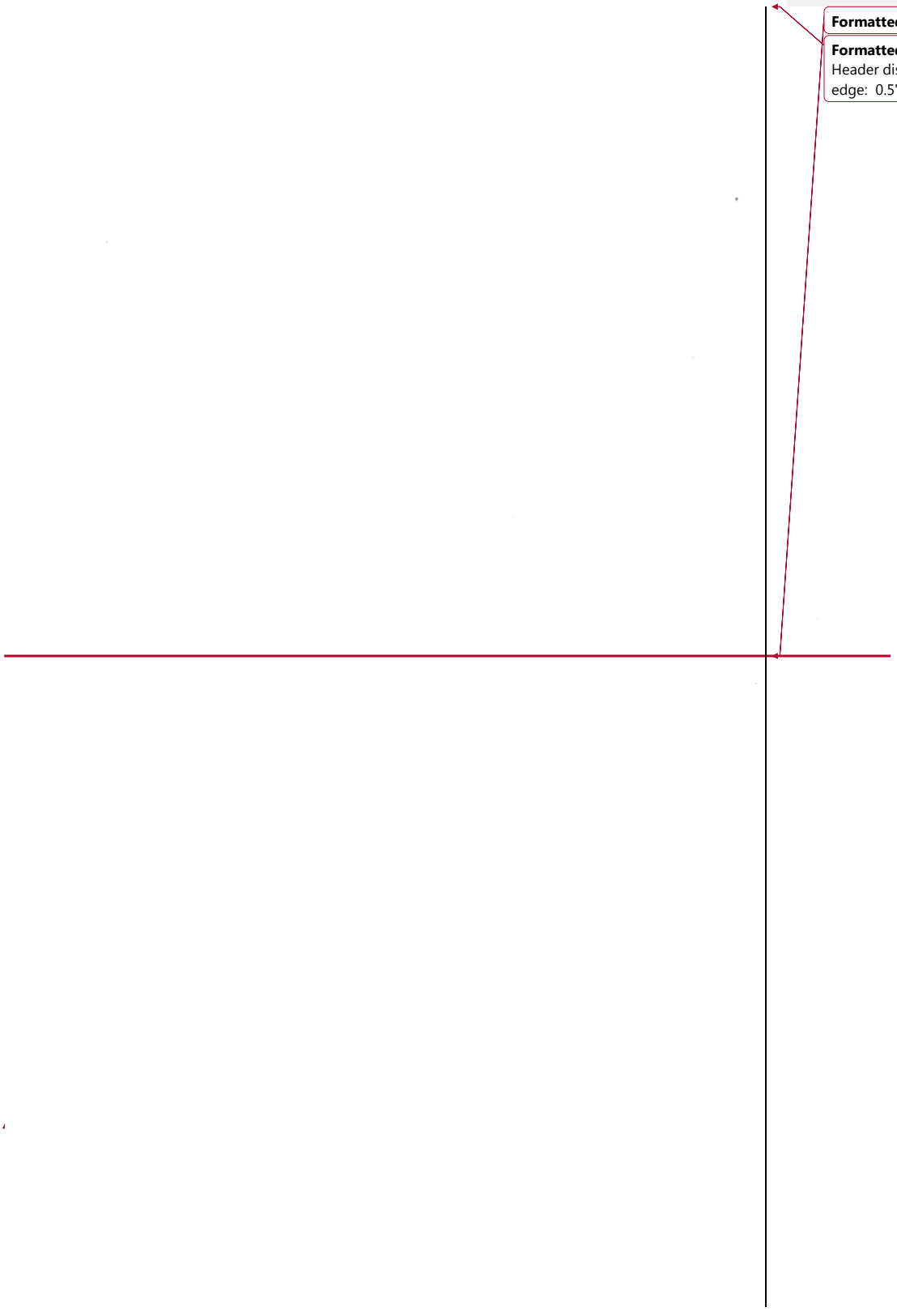

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ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998* (the "OPA")

B. ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs oflitigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation oflaw to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac.cepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(I) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of I month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. Ifthe OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) Ifthe OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the tenns and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

Ifproceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 **Delay or Omission not Waiver.**

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ?

GENERAL

Section 7.1 **Notices.**

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: --0+"-'-'-'

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____
(b) _ The aggregate amount of the Proposed Advance is_____
(c) The Repayment Date of the Proposed Advance is_____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is_____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"),** incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: ...../L: ;.ZZWUL:;:.....

Rosalyn Lawrence
Authorized Signatory

Per: _____

Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date: Friday, June 16, 2017 7:12:51 PM
Attachments: OFHP_IESO_OFA Credit Agreement (DRAFT) v4.doc
Comparison OFHP 2017 v. OPA 2005.docx
OFA-OPA Original Credit Agreement.docx
image001.png

Hello Lisa,
Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.
Question:
Section 3.4 Interest on Advances.
To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.
Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.
The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,
Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi Lisa,
Please find the compared version attached.
Thanks,
Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi William,
Can you also please create a compare with the agreement that you based this on so that I can see the changes?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Good morning Lisa,
I have revised the recitals. I hope this is more in line with what you are looking for.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi William,
I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hello Lisa,
Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I

am having an issue with the footnote numbering (I am looking into this).

Thanks,

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its funding from the OFA to support the IESO's role in the implementation of the Ontario Fair Hydro Plan Act, 2017 (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public

and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Commented [WT1]: Salman and Lisa, please comment if this regulation still applies?

Commented [WT2]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT3]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its

property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "Company"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Line of Credit Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

~~ONTARIO POWER AUTHORITY~~

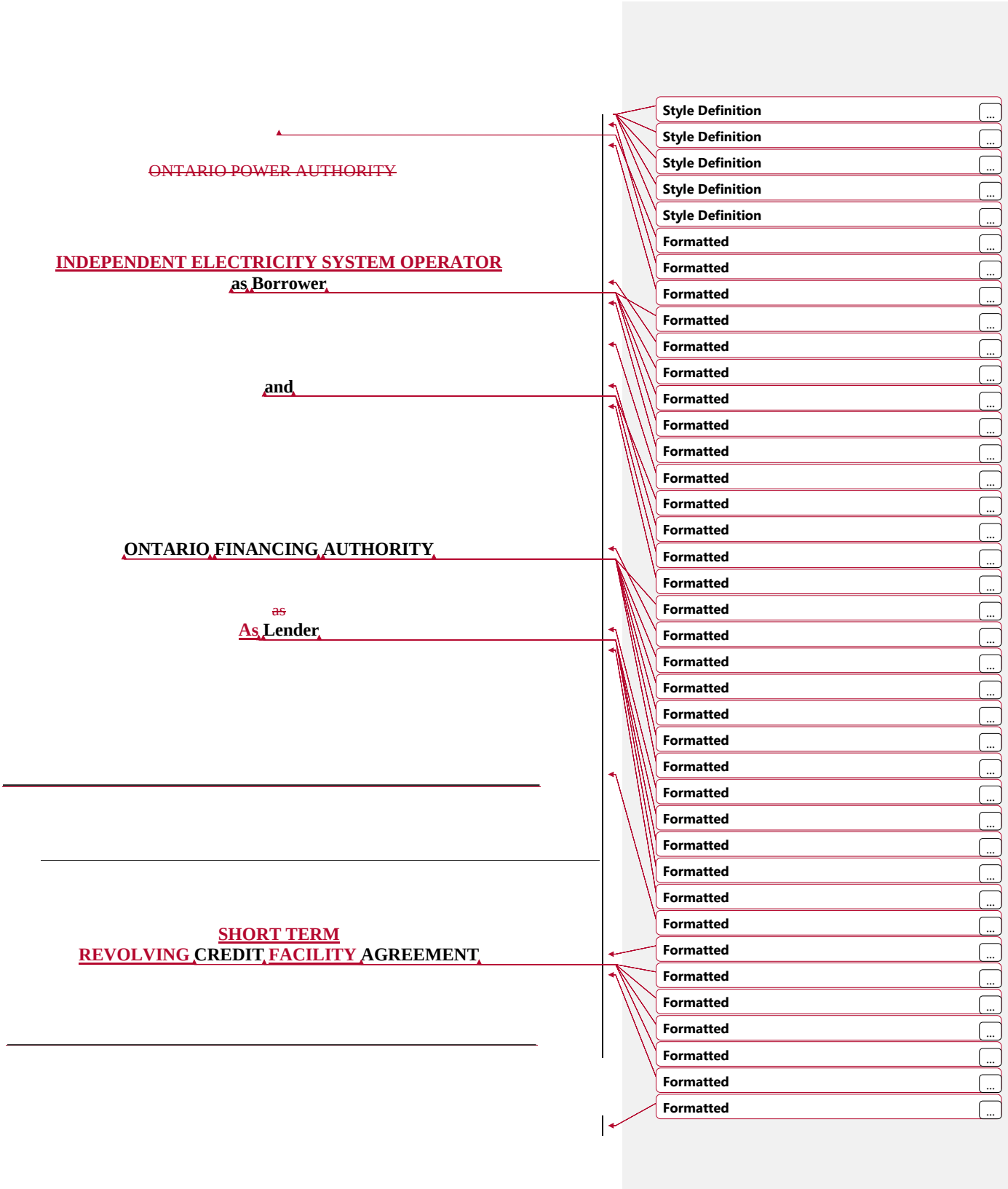
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

~~as~~
As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT



Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ~~1st~~**(·) day of** ~~January 2005, between:~~**July 2017,**

~~A. ONTARIO POWER AUTHORITY a~~**BETWEEN:**

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation ~~established~~without share capital existing under the Electricity Act, 1998 (“IESO") ~~(the "OPA")~~

(as Borrower)

AND

~~B.~~ **ONTARIO FINANCING AUTHORITY**~~,~~, a Crown agency established ~~-~~under the Capital Investment Plan Act, 1993 ~~(~~(“OFA” and together with the IESO, the ~~"OFA").~~“Parties”)

~~RECITAL:~~

(the “OFA”)

RECITALS:

WHEREAS The ~~OPA~~IESO has requested ~~an operating line of~~ a short term revolving credit facility from ~~the OFA~~OFA for the purpose of its funding from the OFA to support the IESO’s role in the ~~amount~~ implementation of ~~$500 million and the OFA has agreed to provide such a line~~the Ontario Fair Hydro Plan Act, 2017 (the “OFHP”).

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit ~~to the OPA.~~facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

~~NOW~~ **AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are ~~acknowledged~~acknowledge), the ~~paiies~~parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**“Advances**"**”** means advances made by the OFA to ~~the OPA~~IESO under Article 3 and "“Advance"

” means any one of such advances~~.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$"** means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $~~500 million~~2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the ~~OPA~~IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

~~(a)~~ (a) every obligation of such Person for borrowed money;

~~(b)~~ (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

~~(c)~~ (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

~~(d)~~ (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

~~(e)~~ (f) the Swap Termination Value of each Swap Contract of such Person; and

~~(f)~~ g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Operating Facility"**~~ **"Note"** means the ~~revolving credit facility to be made available to the OPA by the OFA~~notes of IESO issued under this Agreement ~~for the purposes specified in Section 2.3.~~.

"Permitted Liens" means:

~~(a)~~ (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

~~(b)~~ (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

~~(c)~~ (c) any obligations or duties, affecting the property of ~~OPA~~IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the ~~OPA~~IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the ~~OPA~~IESO or such Material Subsidiary;

~~(d)~~ (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs ~~of litigation~~of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

~~(e)~~ (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the ~~OPA~~IESO or a Material Subsidiary that have not at the time been filed against the ~~OPA~~IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the ~~OPA~~IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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~~(g)~~ (g) any Lien the validity of which is being contested at the time by the ~~OPA~~IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

~~(h)~~ (h) any easements, rights-of-way and servitudes that in the opinion of the ~~OPA~~IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the ~~OPA~~IESO or a Material Subsidiary;

~~(i)~~ (i) any Liens and privileges arising out of judgments or awards with respect to which the ~~OPA~~IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the ~~OPA~~IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the ~~OPA~~ IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated -organization or any government or agency or political subdivision thereof

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation ~~of law~~of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings ~~and the provision of a Table of Contents~~ are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified

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date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ~~ac.cepted~~accepted accounting principles refer to accounting ~~principles generally accepted in Canada~~policies and standards as ~~recommended in~~established by the ~~Handbook of the Canadian Institute of~~ Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 ~~OPERATING~~ REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA.~~IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 ~~Commitment and Facility Limits.~~

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3~~ Use of Proceeds.

The ~~OPA~~IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998~~.~~, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory ~~-~~Repayment.

Subject to Sections 2.~~9 and~~ 5.~~1~~ and 5.2, the ~~OPA~~IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2006.~~September 30, 2022.

Section 2.5 Prepayments.

The ~~OPA~~IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~7~~6 Payments under this Agreement.

~~The OPA~~

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the ~~OPA~~IESO from time to time, or in such other manner as the OFA may specify to the ~~OPA~~IESO from time to time. The ~~OPA~~IESO shall make each such payment in Canadian Dollars.

~~(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer~~

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~~instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.~~

Section 2.~~8~~7 Computations~~ of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~9~~8 Limit on Rate of Interest.

(1) Notwithstanding ~~-~~any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to ~~November 30, 2006~~August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made ~~on one~~subject to two Business ~~Day's~~Days' prior notice given not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the ~~OPA~~IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than ~~1 month, 2 months or 3~~7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2 ~~months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.~~

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The ~~OPA~~IESO authorizes the OFA to record on the grid

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promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each

(2) payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the ~~OPA~~IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The ~~OPA~~IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of ~~1 month, 2 months or 3 months~~7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made ~~one~~two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the ~~OPA. If the OPA~~IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

~~(1)~~ (1) The ~~OPA~~IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province's~~OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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(3) ~~If the OPA~~IESO elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~OPA~~IESO promissory note in respect of Advances held by it.
~~in respect of Advances held by it.~~

Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

~~(a)~~ (a) that the representations and warranties of the ~~OPA~~IESO contained in this Agreement are true and correct as at the date of making the Advance;

~~(b)~~ (b) that no Event of Default has occurred and is continuing;

~~(c)~~ (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the ~~OPA~~IESO; and

~~(d)~~ (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the ~~OPA~~IESO is in compliance with the ~~tenns~~terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the ~~OPA~~IESO confirming that the borrowing is within the legal powers of the ~~OPA~~IESO and that the Agreement is a direct, unsecured obligation of the ~~OPA~~IESO enforceable against the ~~OPA~~IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE ~~OPA~~IESO

Section 4.1 Payment of Advances.

The ~~OPA~~IESO will duly and punctually pay ~~or cause to be paid all~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and ~~subject to the~~ conditions of this Agreement.

Section 4.2 ~~OPA~~IESO will Maintain its Corporate Existence.

~~The OPA~~

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the ~~OPA~~IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the ~~OPA~~ IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the ~~OPA~~ IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the ~~OPA~~ IESO any such Material Subsidiary, desirable in the conduct of its business or the

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business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The ~~OPA~~IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

~~(a)~~ (a) the creation, incurrence or assumption of any Purchase Money Mortgage;

~~(b)~~ (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the ~~OPA~~IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

~~(c)~~ (c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), ~~(d)~~ (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

~~The OPA~~

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the ~~OPA~~IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province's~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the ~~OPA~~IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the ~~OPA~~IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

~~(a)~~ (a) the IESO's failure to pay ~~any interest upon~~the principal amount of any Advance ~~when it becomes due~~ and ~~payable, if such failure continues~~all interest accrued thereon on the applicable Repayment Date for a period of 3 ~~Business Days~~business days and any other amounts owing under this Agreement when due;

~~(b)~~ (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on ~~December 31, 2006~~September 30, 2022 ;

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~~(c)~~ (c) failure on the part of the ~~OPA~~IESO to observe or perform its obligations set forth in Section 4.1;

(~~c)~~ d) failure on the part of the ~~OPA~~IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the ~~OPA~~IESO by the OFA;

(~~f)~~ e) any representation or warranty made by the ~~OPA~~IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

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~~(g)~~ (f) one or more breaches by the ~~OPA~~ IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches;

~~(i)~~ (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

~~(ii)~~ (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

~~(h) the OPA:~~

(g) the IESO or any Material Subsidiary :

~~(i)~~ (i) becomes generally not able to pay its debts as they become due;

~~(ii)~~ (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

~~(iii)~~ (iii) institutes or has instituted against it any proceeding seeking:

~~(A)~~ (A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismissed~~ undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee,

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custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

~~official for it or for any substantial part of its properties and assets) occurs; or~~

~~(iv)~~ (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (h)(i) to (iii); or

(~~i~~) h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the ~~OPA~~IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

~~If~~proceedings

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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~~(a)~~ (a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

~~(b)~~ (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 Representations and Warranties of ~~OPA~~IESO

The ~~OPA~~IESO represents and warrants to the OFA that:

~~(a)~~ (a) the borrowing of money (including principal and accrued interest) by the ~~OPA~~IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the ~~OPA~~IESO and have been duly authorized by all necessary legal action and proper proceedings;

~~(b)~~ (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the ~~OPA~~IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the ~~OPA~~IESO or any contractual or other obligation binding on the ~~OPA~~IESO;

~~(c)~~ (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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~~(d)~~ (d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~3~~2.

Section 6.2 Continuation of Representation ~~-~~and Warranties

The representations~~-~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~2~~ 7~~GENERAL~~
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication ~~-~~addressed:

If to the ~~OPA~~IESO, to it at:

~~Ontario Power Authority 880 Bay~~Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON ~~M7A 2C~~M5H 1T1

Attention: Chief ~~Executive~~Financial Officer

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Telephone: (416)969-6232
~~Telecopier:~~
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
~~Telephone:~~ Telephone: (416) 325-~~8128~~8930
~~Telecopier:~~ Telecopier: (416) 325-~~8005~~8111

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~7~~8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~7~~8.1.

Section ~~7~~8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.
~~to this Agreement.~~

Section ~~7~~8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section ~~7~~8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.
~~of such right shall not preclude an other or further exercise of such right or the exercise of any other right.~~

Section ~~7~~8.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section ~~7~~8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~7~~8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~7~~8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF the ~~parties~~Parties have executed this Amending Agreement as of the ~~1st day of January, 2005~~date first written above.

ONTARIO POWER AUTHORITY

~~by:~~

~~Name: Rosalyn Lawrence~~

Authorized Signing Officer

~~and:~~

~~Name: Riggs~~

~~ONTARIO FINANCING~~ HORITY

~~by:~~

~~Name:~~
~~Title:~~ ~~Gadi Mayman~~

Chief Executive Officer

ONTARIO FINANCING AUTHORITY

Per: Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~-204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
~~M7A1Y7~~

M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and the OFA,~~), and gives you notice pursuant to Section 3.2 of the Agreement that the ~~OPA~~IESO requests an Advance under the Agreement, and, in ~~that~~ connection with such request, sets forth below the information relating to such Advance (the ~~"~~"Proposed Advance~~")~~"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
~~(b)~~ (b) The aggregate amount of the Proposed Advance is _____ $_____;
~~(c)~~ (c) The Repayment Date of the Proposed Advance is _____; ~~[not more~~ [Not earlier than ~~3 months~~7 days and not later than 95 days after the date of the Proposed Advance~~]~~.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

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constitute an Event of Default.

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would

Per: _____

~~Rosalyn Lawrence~~ **INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

Per: _____

Name:

Authorized ~~-~~Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~ 204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and OFA,~~), and gives you notice pursuant to Section 3.3 of the Agreement that the ~~OPA~~IESO elects to continue all or a portion of an Advance for an additional term, and~~,~~ in ~~that~~ connection with such election, sets forth below the information relating to ~~the~~such election as required by Section 3.3(~~3~~2) of the Agreement:

(a) The ~~outstanding~~date of the proposed election, being a Business Day is ;
(b) The aggregate amount of the proposed election is $;
~~(a)~~ i. previous principal amount ~~of such Advance to be continued is $~~ $

ii. interest $

~~(b)~~ (c) The new Repayment Date applicable to such Advance is~~; [not more~~ . [Not earlier than ~~3 months~~7 days and not later than 95 days after the current Repayment Date for the Advance~~.~~.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~ INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized -Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

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SCHEDULE 3 ~~ONTARIO POWER AUTHORITY~~
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $~~500~~2,000,000,000 Date: -

FOR VALUE RECEIVED, ~~ONTARIO POWER AUTHORITY~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR **(the "~~OPA"),~~**

Company"), incorporated under the laws of the ~~Province~~OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~OPA~~Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~OPA~~Company to record on the Grid (~~a~~i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (~~b~~ii) the applicable rate of interest for each Advance; (~~c~~iii) the repayment date of each Advance; (~~d~~iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (~~e~~v) the outstanding principal ~~balance.~~amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie~~-~~ evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as ~~of [Insert]~~amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. ~~This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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IN WITNESS WHEREOF the ~~OPA~~Company has executed this Note.

ONTARIO POWER AUTH~~ORITY~~

~~Per:~~ _____

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

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INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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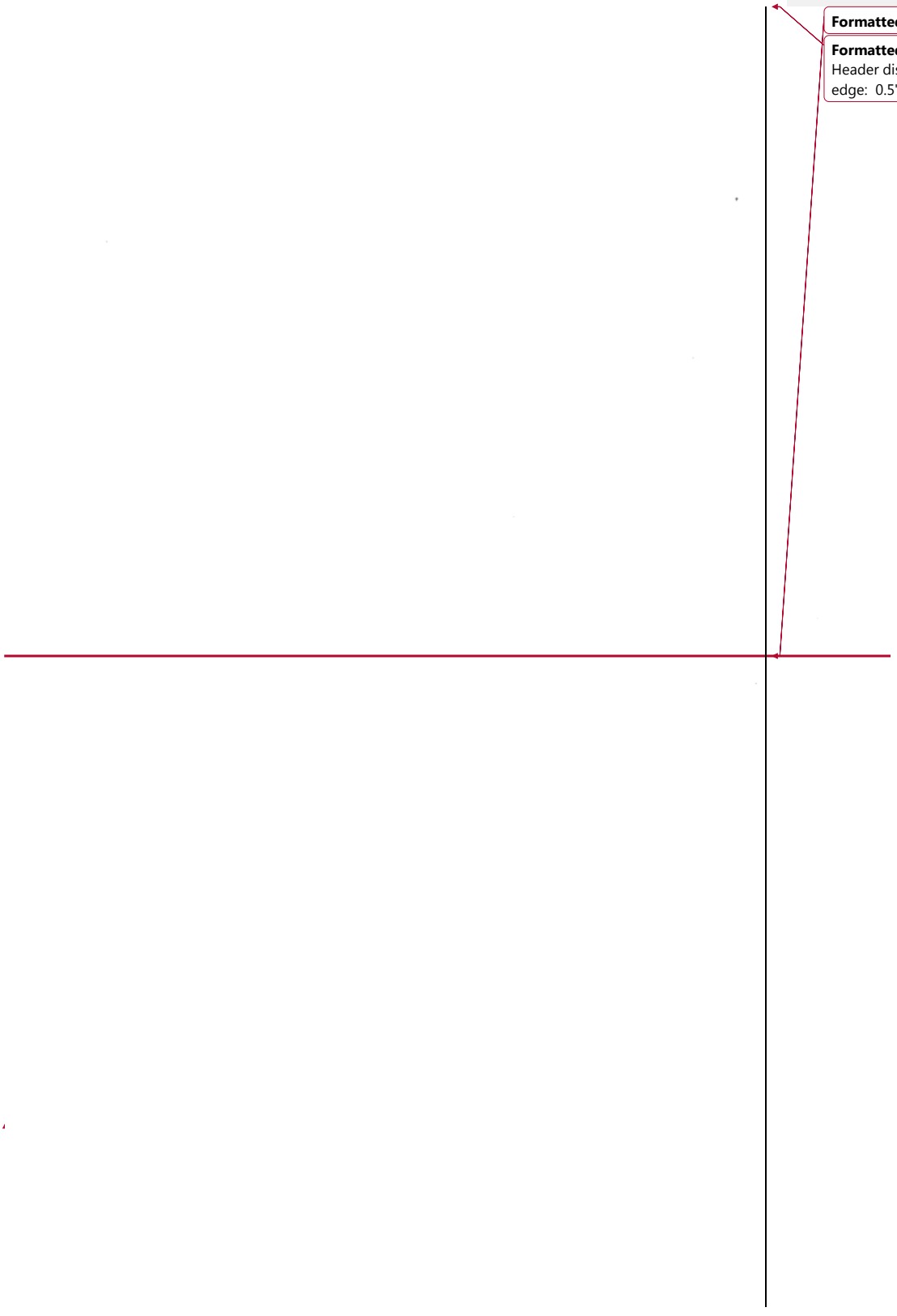

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ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998* (the "OPA")

B. ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs oflitigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation oflaw to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac.cepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(I) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of I month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. Ifthe OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) Ifthe OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the tenns and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

Ifproceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 **Delay or Omission not Waiver.**

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ?

GENERAL

Section 7.1 **Notices.**

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: --0+"-'-'-'

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____
(b) _ The aggregate amount of the Proposed Advance is_____
(c) The Repayment Date of the Proposed Advance is_____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is_____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"),** incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: ...../L: ;.ZZWUL:;:.....

Rosalyn Lawrence
Authorized Signatory

Per: _____

Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date: Friday, June 16, 2017 7:12:51 PM
Attachments: OFHP_IESO_OFA Credit Agreement (DRAFT) v4.doc
Comparison OFHP 2017 v. OPA 2005.docx
OFA-OPA Original Credit Agreement.docx
image001.png

Hello Lisa,
Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.
Question:
Section 3.4 Interest on Advances.
To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.
Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.
The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,
Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi Lisa,
Please find the compared version attached.
Thanks,
Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi William,
Can you also please create a compare with the agreement that you based this on so that I can see the changes?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Good morning Lisa,
I have revised the recitals. I hope this is more in line with what you are looking for.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi William,
I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hello Lisa,
Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I

am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its funding from the OFA to support the IESO's role in the implementation of the Ontario Fair Hydro Plan Act, 2017 (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public

and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Commented [WT1]: Salman and Lisa, please comment if this regulation still applies?

Commented [WT2]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT3]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its

property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "Company"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Line of Credit Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

~~ONTARIO POWER AUTHORITY~~

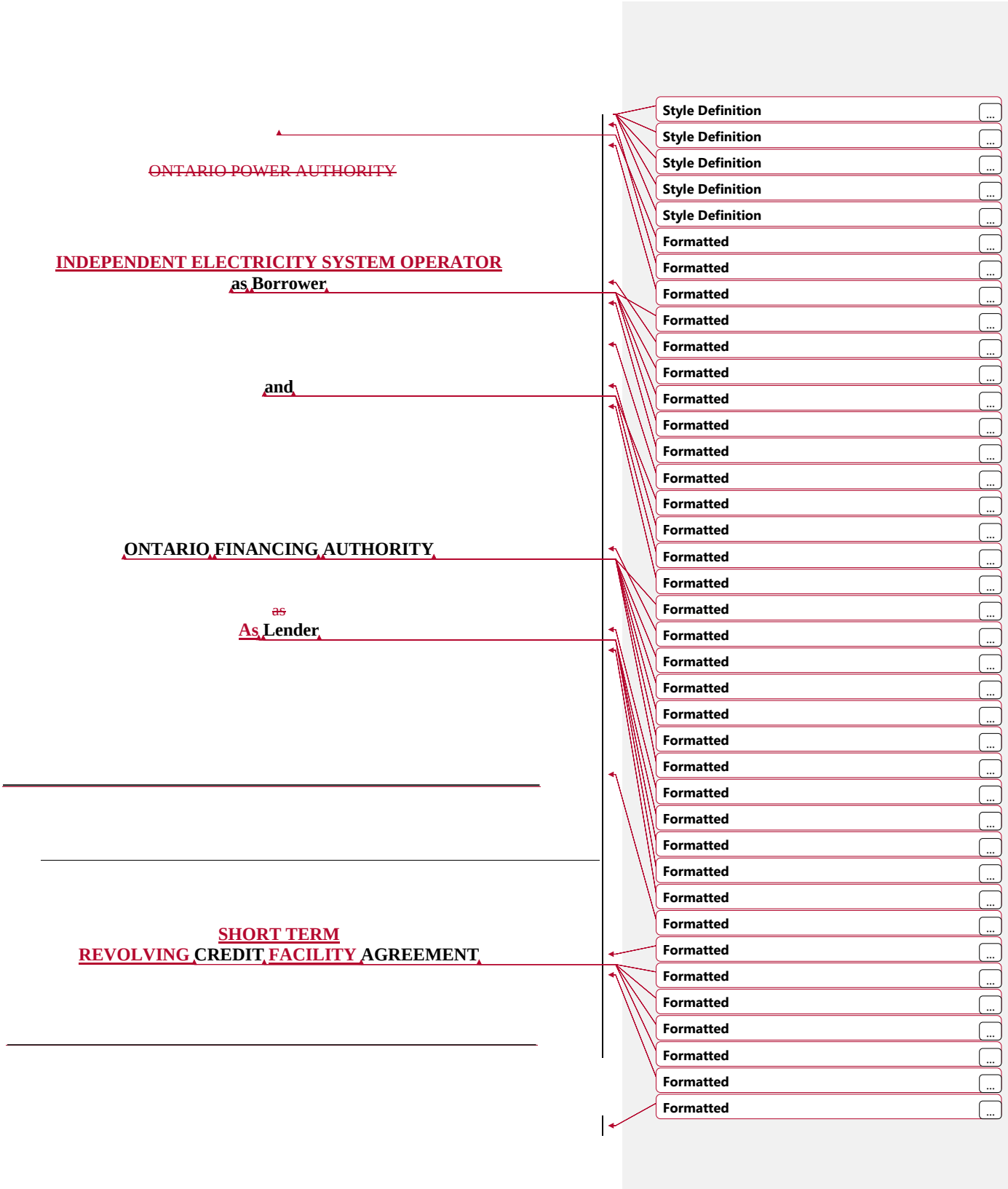
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

~~as~~
As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT



Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ~~1st~~**(·) day of** ~~January 2005, between:~~**July 2017,**

~~A. ONTARIO POWER AUTHORITY a~~**BETWEEN:**

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation ~~established~~without share capital existing under the Electricity Act, 1998 ("IESO") ~~(the "OPA")~~

(as Borrower)

AND

~~B.~~ **ONTARIO FINANCING AUTHORITY**~~,~~, a Crown agency established ~~-~~under the Capital Investment Plan Act, 1993 ~~(~~("OFA" and together with the IESO, the ~~"OFA").~~"Parties")

~~RECITAL:~~

(the "OFA")

RECITALS:

WHEREAS The ~~OPA~~IESO has requested ~~an operating line of~~ a short term revolving credit facility from ~~the OFA~~OFA for the purpose of its funding from the OFA to support the IESO's role in the ~~amount~~ implementation of ~~$500 million and the OFA has agreed to provide such a line~~the Ontario Fair Hydro Plan Act, 2017 (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit ~~to the OPA.~~facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

~~NOW~~ **AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are ~~acknowledged~~acknowledge), the ~~paiies~~parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**“Advances**"**”** means advances made by the OFA to ~~the OPA~~IESO under Article 3 and "“Advance"

” means any one of such advances~~.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$"** means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $~~500 million~~2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the ~~OPA~~IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

~~(a)~~ (a) every obligation of such Person for borrowed money;

~~(b)~~ (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

~~(c)~~ (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

~~(d)~~ (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

~~(e)~~ (f) the Swap Termination Value of each Swap Contract of such Person; and

~~(f)~~ g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Operating Facility"**~~ **"Note"** means the ~~revolving credit facility to be made available to the OPA by the OFA~~notes of IESO issued under this Agreement ~~for the purposes specified in Section 2.3.~~.

"Permitted Liens" means:

~~(a)~~ (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

~~(b)~~ (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

~~(c)~~ (c) any obligations or duties, affecting the property of ~~OPA~~IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the ~~OPA~~IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the ~~OPA~~IESO or such Material Subsidiary;

~~(d)~~ (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs ~~of litigation~~of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

~~(e)~~ (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the ~~OPA~~IESO or a Material Subsidiary that have not at the time been filed against the ~~OPA~~IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the ~~OPA~~IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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~~(g)~~ (g) any Lien the validity of which is being contested at the time by the ~~OPA~~IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

~~(h)~~ (h) any easements, rights-of-way and servitudes that in the opinion of the ~~OPA~~IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the ~~OPA~~IESO or a Material Subsidiary;

~~(i)~~ (i) any Liens and privileges arising out of judgments or awards with respect to which the ~~OPA~~IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the ~~OPA~~IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the ~~OPA~~ IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated -organization or any government or agency or political subdivision thereof

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation ~~of law~~of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings ~~and the provision of a Table of Contents~~ are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified

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date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ~~ac.cepted~~accepted accounting principles refer to accounting ~~principles generally accepted in Canada~~policies and standards as ~~recommended in~~established by the ~~Handbook of the Canadian Institute of~~ Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 ~~OPERATING~~ REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA.~~IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 ~~Commitment and Facility Limits.~~

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3~~ Use of Proceeds.

The ~~OPA~~IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998~~.~~, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory ~~-~~Repayment.

Subject to Sections 2.~~9 and~~ 5.~~1~~ and 5.2, the ~~OPA~~IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2006.~~September 30, 2022.

Section 2.5 Prepayments.

The ~~OPA~~IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~7~~6 Payments under this Agreement.

~~The OPA~~

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the ~~OPA~~IESO from time to time, or in such other manner as the OFA may specify to the ~~OPA~~IESO from time to time. The ~~OPA~~IESO shall make each such payment in Canadian Dollars.

~~(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer~~

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~~instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.~~

Section 2.~~8~~7 Computations~~ of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~9~~8 Limit on Rate of Interest.

(1) Notwithstanding ~~-~~any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to ~~November 30, 2006~~August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made ~~on one~~subject to two Business ~~Day's~~Days' prior notice given not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the ~~OPA~~IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than ~~1 month, 2 months or 3~~7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2 ~~months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.~~

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The ~~OPA~~IESO authorizes the OFA to record on the grid

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promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each

(2) payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the ~~OPA~~IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The ~~OPA~~IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of ~~1 month, 2 months or 3 months~~7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made ~~one~~two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the ~~OPA. If the OPA~~IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

~~(1)~~ (1) The ~~OPA~~IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province's~~OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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If the ~~Repayment Date of the Advance.~~

(3) ~~If the OPA~~IESO elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~OPA~~IESO promissory note in respect of Advances held by it.
~~in respect of Advances held by it.~~

Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

~~(a)~~ (a) that the representations and warranties of the ~~OPA~~IESO contained in this Agreement are true and correct as at the date of making the Advance;

~~(b)~~ (b) that no Event of Default has occurred and is continuing;

~~(c)~~ (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the ~~OPA~~IESO; and

~~(d)~~ (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the ~~OPA~~IESO is in compliance with the ~~tenns~~terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the ~~OPA~~IESO confirming that the borrowing is within the legal powers of the ~~OPA~~IESO and that the Agreement is a direct, unsecured obligation of the ~~OPA~~IESO enforceable against the ~~OPA~~IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE ~~OPA~~IESO

Section 4.1 Payment of Advances.

The ~~OPA~~IESO will duly and punctually pay ~~or cause to be paid all~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and ~~subject to the~~ conditions of this Agreement.

Section 4.2 ~~OPA~~IESO will Maintain its Corporate Existence.

~~The OPA~~

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the ~~OPA~~IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the ~~OPA~~ IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the ~~OPA~~ IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the ~~OPA~~ IESO any such Material Subsidiary, desirable in the conduct of its business or the

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business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The ~~OPA~~IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

~~(a)~~ (a) the creation, incurrence or assumption of any Purchase Money Mortgage;

~~(b)~~ (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the ~~OPA~~IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

~~(c)~~ (c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), ~~(d)~~ (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

~~The OPA~~

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the ~~OPA~~IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province's~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the ~~OPA~~IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the ~~OPA~~IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

~~(a)~~ (a) the IESO's failure to pay ~~any interest upon~~the principal amount of any Advance ~~when it becomes due~~ and ~~payable, if such failure continues~~all interest accrued thereon on the applicable Repayment Date for a period of 3 ~~Business Days~~business days and any other amounts owing under this Agreement when due;

~~(b)~~ (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on ~~December 31, 2006~~September 30, 2022 ;

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~~(c)~~ (c) failure on the part of the ~~OPA~~IESO to observe or perform its obligations set forth in Section 4.1;

(~~c)~~ d) failure on the part of the ~~OPA~~IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the ~~OPA~~IESO by the OFA;

(~~f)~~ e) any representation or warranty made by the ~~OPA~~IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

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~~(g)~~ (f) one or more breaches by the ~~OPA~~ IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches;

~~(i)~~ (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

~~(ii)~~ (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

~~(h) the OPA:~~

(g) the IESO or any Material Subsidiary :

~~(i)~~ (i) becomes generally not able to pay its debts as they become due;

~~(ii)~~ (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

~~(iii)~~ (iii) institutes or has instituted against it any proceeding seeking:

~~(A)~~ (A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismissed~~ undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee,

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custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

~~official for it or for any substantial part of its properties and assets) occurs; or~~

~~(iv)~~ (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (h)(i) to (iii); or

(~~i~~) h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the ~~OPA~~IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

~~If~~proceedings

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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~~(a)~~ (a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

~~(b)~~ (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 Representations and Warranties of ~~OPA~~IESO

The ~~OPA~~IESO represents and warrants to the OFA that:

~~(a)~~ (a) the borrowing of money (including principal and accrued interest) by the ~~OPA~~IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the ~~OPA~~IESO and have been duly authorized by all necessary legal action and proper proceedings;

~~(b)~~ (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the ~~OPA~~IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the ~~OPA~~IESO or any contractual or other obligation binding on the ~~OPA~~IESO;

~~(c)~~ (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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~~(d)~~ (d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~3~~2.

Section 6.2 Continuation of Representation ~~-~~and Warranties

The representations~~-~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~2~~ 7~~GENERAL~~
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication ~~-~~addressed:

If to the ~~OPA~~IESO, to it at:

~~Ontario Power Authority 880 Bay~~Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON ~~M7A 2C~~M5H 1T1

Attention: Chief ~~Executive~~Financial Officer

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Telephone: (416)969-6232
~~Telecopier:~~
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
~~Telephone:~~ Telephone: (416) 325-~~8128~~8930
~~Telecopier:~~ Telecopier: (416) 325-~~8005~~8111

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~7~~8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~7~~8.1.

Section ~~7~~8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.
~~to this Agreement.~~

Section ~~7~~8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section ~~7~~8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.
~~of such right shall not preclude an other or further exercise of such right or the exercise of any other right.~~

Section ~~7~~8.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section ~~7~~8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~7~~8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~7~~8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF the ~~parties~~Parties have executed this Amending Agreement as of the ~~1st day of January, 2005~~date first written above.

ONTARIO POWER AUTHORITY

~~by:~~

~~Name: Rosalyn Lawrence~~

Authorized Signing Officer

~~and:~~

~~Name: Riggs~~

~~ONTARIO FINANCING~~ HORITY

~~by:~~

~~Name:~~
~~Title:~~ ~~Gadi Mayman~~

Chief Executive Officer

ONTARIO FINANCING AUTHORITY

Per: Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~-204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
~~M7A1Y7~~

M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and the OFA,~~), and gives you notice pursuant to Section 3.2 of the Agreement that the ~~OPA~~IESO requests an Advance under the Agreement, and, in ~~that~~ connection with such request, sets forth below the information relating to such Advance (the ~~"~~"Proposed Advance~~")~~"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
~~(b)~~ (b) The aggregate amount of the Proposed Advance is _____ $_____;
~~(c)~~ (c) The Repayment Date of the Proposed Advance is _____; ~~[not more~~ [Not earlier than ~~3 months~~7 days and not later than 95 days after the date of the Proposed Advance~~]~~.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

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constitute an Event of Default.

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would

Per: _____

~~Rosalyn Lawrence~~ **INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

Per: _____

Name:

Authorized ~~-~~Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~ 204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and OFA,~~), and gives you notice pursuant to Section 3.3 of the Agreement that the ~~OPA~~IESO elects to continue all or a portion of an Advance for an additional term, and~~,~~ in ~~that~~ connection with such election, sets forth below the information relating to ~~the~~such election as required by Section 3.3(~~3~~2) of the Agreement:

(a) The ~~outstanding~~date of the proposed election, being a Business Day is ;
(b) The aggregate amount of the proposed election is $;
~~(a)~~ i. previous principal amount ~~of such Advance to be continued is $~~ $

ii. interest $

~~(b)~~ (c) The new Repayment Date applicable to such Advance is~~; [not more~~ . [Not earlier than ~~3 months~~7 days and not later than 95 days after the current Repayment Date for the Advance~~.~~.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~ INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized -Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

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SCHEDULE 3 ~~ONTARIO POWER AUTHORITY~~
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $~~500~~2,000,000,000 Date: -

FOR VALUE RECEIVED, ~~ONTARIO POWER AUTHORITY~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR **(the "~~OPA"),~~**

Company"), incorporated under the laws of the ~~Province~~OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~OPA~~Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~OPA~~Company to record on the Grid (~~a~~i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (~~b~~ii) the applicable rate of interest for each Advance; (~~c~~iii) the repayment date of each Advance; (~~d~~iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (~~e~~v) the outstanding principal ~~balance.~~amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie~~-~~ evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as ~~of [Insert]~~amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. ~~This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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IN WITNESS WHEREOF the ~~OPA~~Company has executed this Note.

ONTARIO POWER AUTH~~ORITY~~

~~Per:~~ _____

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

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INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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~~DATE~~Date	~~PRINCIPAL RATE ADVMTCED~~Principal Advanced	~~REPAYMENT DATE AND PRINCIPAL REPAID~~Rate	~~INTEREST PAYMENT DATE AND AMOUNT~~Repayment Date and Principal Repaid	~~UNPAID PRINCIPAL BALANCE~~Interest Payment Date and Amount	~~NOTATION MADE BY~~ Unpaid Principal Balance	Notation Made By

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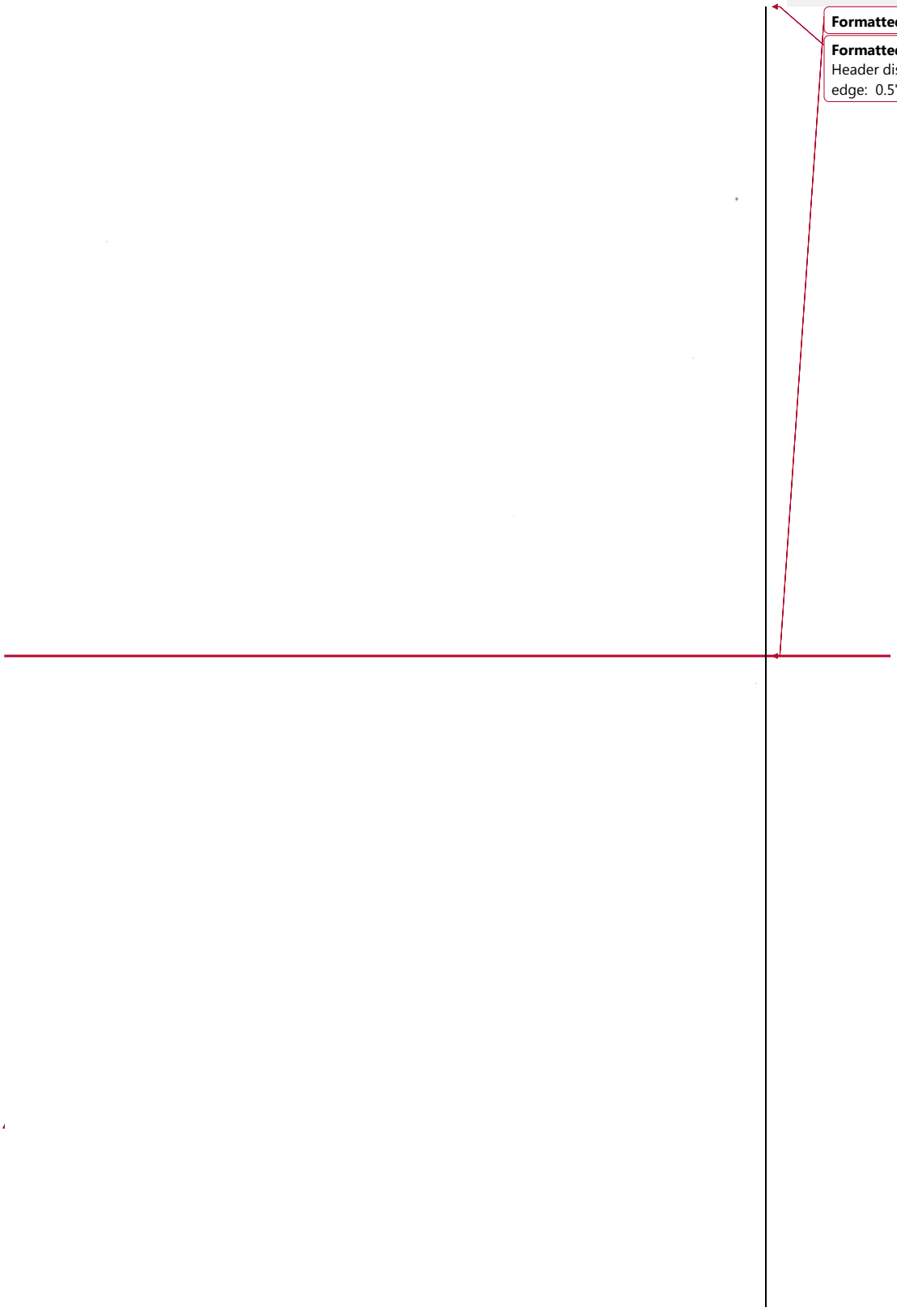

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ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998* (the "OPA")

B. ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs oflitigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation oflaw to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac.cepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(I) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of I month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. Ifthe OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) Ifthe OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the tenns and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

Ifproceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 **Delay or Omission not Waiver.**

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ?

GENERAL

Section 7.1 **Notices.**

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: --0+"-'-'-'

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____
(b) _ The aggregate amount of the Proposed Advance is_____
(c) The Repayment Date of the Proposed Advance is_____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is_____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"),** incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: ...../L: ;.ZZWUL:;:.....

Rosalyn Lawrence
Authorized Signatory

Per: _____

Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From:	Sarah Harris
To:	William Tan
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 14, 2017 1:08:07 PM
Attachments:	compared version FHP IESO OFA Credit Agreement (draft).docx (Executed) OPA Amending Agreement No 7.pdf image001.png

Hi Will,

I note in amendment #7, the following addition is made to the Credit Agreement:

liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

I think this should be include this in the new credit facility draft as a discussion point with Lisa and Salman (I don't think the reference to 25.33, on the face, would be needed). I think the idea though is to ensure that any loan isn't rolled over for the entire term of the agreement, but that any one advance is limited to 12 months of rolls.

Thanks,

Sarah

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hello Lisa,
Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).
Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties") **(the "OFA")**

RECITALS:

WHEREAS: The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund a short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") in an aggregate principal amount of up to CAD $2,000,000,000.00.

The following terms and conditions shall apply in respect of the Line of Credit:

The Line of Credit shall be made from OFA for the purpose of providing IESO financing of short to medium term funding shortfallsits funding from the OFA to support the IESO's role in the implementation of, and its participation in, the *Ontario Fair Hydro Plan Act, 2017*. (the "OFHP").

A Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.

The OFA will charge interest on the Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to

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~~time.~~

~~The Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this~~ **AND WHEREAS** pursuant to Directive ~~and to be entered~~(·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into ~~by~~a credit facility agreement provided that the ~~IESO and the OFA.~~

~~Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to make loans to the OFA and to determine the~~maximum principle amount ~~of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined~~ that ~~for the Loan made~~ may be outstanding at any time under the authority ~~of this~~ Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE ~~, the amount of the spread retained by the OFA shall be equal twenty-five (25) basis points.~~in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

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ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current

construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date

contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT2]: Question for Lisa, other agreements stop taking advances one month before the agreement is set to expire. Since FHP has a 7 day minimum advancement should this be moved upto September 23, 2022?

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the

outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will

be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during

the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH3]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other

covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and

empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein,

applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCPAL BALANCE	NOTATION MADE BY

AMENDING AGREEMENT NO.7

This Amending Agreement made as of the 20th day of December 2013.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* (**"OPA"**)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (**"OFA"**)

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5") and November 9, 2010 (titled, "Amending Agreement No. 6") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The first sentence of the Recital in the Agreement is deleted and replaced by the following:

   "The OPA has requested an operating line of credit from the OFA in the amount of $975 million and the OFA has agreed to provide such a line of credit to the OPA."

2. Section 2.3 of the Agreement is deleted and replaced by the following:

   "The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

   (1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

   (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

3. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2016."

4. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2016."

5. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2016;"

6. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

7. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

8. Schedule 3 of the Agreement, OPA Grid Note, is deleted and replaced by the OPA Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

SCHEDULE 1 TO AMENDING AGREEMENT NO.7

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [not more than 3 months after the date of the Proposed Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2 TO AMENDING AGREEMENT NO. 7

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principle amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 7

SCHEDULE 3

ONTARIO POWER AUTHORITY GRID NOTE

Principal Amount: Up to $975,000,000 Date:

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** (**"OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

ONTARIO POWER AUTHORITY

By: K Marshall
KIMBERLY MARSHALL
VICE-PRESIDENT, BUSINESS STRATEGIES & SOLUTIONS

By:
COLIN ANDERSEN
CHIEF EXECUTIVE OFFICER

liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

From:	Sarah Harris
To:	William Tan
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 14, 2017 1:08:07 PM
Attachments:	compared version FHP IESO OFA Credit Agreement (draft).docx (Executed) OPA Amending Agreement No 7.pdf image001.png

Hi Will,

I note in amendment #7, the following addition is made to the Credit Agreement:

liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

I think this should be include this in the new credit facility draft as a discussion point with Lisa and Salman (I don't think the reference to 25.33, on the face, would be needed). I think the idea though is to ensure that any loan isn't rolled over for the entire term of the agreement, but that any one advance is limited to 12 months of rolls.

Thanks,

Sarah

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hello Lisa,
Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).
Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties") **(the "OFA")**

RECITALS:

WHEREAS: The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund a short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") in an aggregate principal amount of up to CAD $2,000,000,000.00.

The following terms and conditions shall apply in respect of the Line of Credit:

The Line of Credit shall be made from OFA for the purpose of providing IESO financing of short to medium term funding shortfallsits funding from the OFA to support the IESO's role in the implementation of, and its participation in, the *Ontario Fair Hydro Plan Act, 2017*. (the "OFHP").

A Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.

The OFA will charge interest on the Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to

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~~time.~~

~~The Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this~~ **AND WHEREAS** pursuant to Directive ~~and to be entered~~(·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into ~~by~~a credit facility agreement provided that the ~~IESO and the OFA.~~

~~Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to make loans to the OFA and to determine the~~maximum principle amount ~~of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined~~ that ~~for the Loan made~~ may be outstanding at any time under the authority ~~of this~~ Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE ~~, the amount of the spread retained by the OFA shall be equal twenty-five (25) basis points.~~in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

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ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current

construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date

contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT2]: Question for Lisa, other agreements stop taking advances one month before the agreement is set to expire. Since FHP has a 7 day minimum advancement should this be moved upto September 23, 2022?

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the

outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will

be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during

the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH3]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other

covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and

empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein,

applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCPAL BALANCE	NOTATION MADE BY

AMENDING AGREEMENT NO.7

This Amending Agreement made as of the 20th day of December 2013.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* (**"OPA"**)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (**"OFA"**)

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5") and November 9, 2010 (titled, "Amending Agreement No. 6") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The first sentence of the Recital in the Agreement is deleted and replaced by the following:

   "The OPA has requested an operating line of credit from the OFA in the amount of $975 million and the OFA has agreed to provide such a line of credit to the OPA."

2. Section 2.3 of the Agreement is deleted and replaced by the following:

   "The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

   (1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

   (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

3. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2016."

4. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2016."

5. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2016;"

6. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

7. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

8. Schedule 3 of the Agreement, OPA Grid Note, is deleted and replaced by the OPA Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

SCHEDULE 1 TO AMENDING AGREEMENT NO.7

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [not more than 3 months after the date of the Proposed Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2 TO AMENDING AGREEMENT NO. 7

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principle amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 7

SCHEDULE 3

ONTARIO POWER AUTHORITY GRID NOTE

Principal Amount: Up to $975,000,000 Date:

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** (**"OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

ONTARIO POWER AUTHORITY

By: K Marshall
KIMBERLY MARSHALL
VICE-PRESIDENT, BUSINESS STRATEGIES & SOLUTIONS

By:
COLIN ANDERSEN
CHIEF EXECUTIVE OFFICER

liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

To:	Lisa Stein
Cc:	William Tan
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 14, 2017 1:02:21 PM
Attachments:	OFA-OPA Original Credit Agreement.pdf Amendment No. 1.pdf Amending Agmt No. 2 to Note Agmt.pdf (Signed) Amendment 3.Final.pdf (Signed) Amendment 4.Final.pdf (Signed) Amendment 5.Final.pdf Amendmen #6 (Executed).pdf Amending Agreement No 7 (Execution Copy).pdf OFA-OPA Amending Agreement No. 8 (Executed).pdf OPA IESO Amendment No 9 (Executed).pdf

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From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. **ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998*** (the "**OPA**")

B. **ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993*** (the "**OFA**").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of 1 month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice"**) shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7

GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn Lawrence
Authorized Signing Officer

and: _____
Name: Rick Jennings
Authorized Signing Officer

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman
Title: Chief Executive Officer

SCHEDULE 1
FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is _____;
(c) The Repayment Date of the Proposed Advance is _____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority ("**OFA**")
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____;

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert] between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY

ONTARIO POWER AUTHORITY

175 Bloor Street East, North Tower, Suite 606, Toronto, Ontario M4W 3R8

February 14, 2005

Mr. Gadi Mayman
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto On M7A 1Y7

Dear Sir:

Re: Modification to Clause 4.7 of OPA Credit Facility – Substituting "Agreement" for "Services"

I write with respect to clause 4.7 of the Credit Agreement (the "Agreement") made between the Ontario Power Authority (the "OPA") and the Ontario Financing Authority (the "OFA"), dated January 1, 2005, and the requirement that the language contained therein be modified to better reflect the true intent of the parties to the Agreement.

By evidence of the signatures of the two parties to that Agreement on the face of this letter, the parties hereby consent and agree to amend clause 4.7 on page 12 of the Agreement by substituting the word "Agreement" for the word "Services" in the third line of that clause.

By their signatures the parties further agree that this letter shall be the sole notification to each and every party of the above-noted change and that such change shall take effect as of the date of that Agreement.

Sincerely,

Jan Carr
Chief Executive Officer
Ontario Power Authority

Rosalyn Lawrence
Director, Ontario Power Authority

Gadi Mayman
Chief Executive Officer,
Ontario Financing Authority

AMENDING AGREEMENT NO. 2 TO NOTE AGREEMENT

THIS AGREEMENT is made as of April 23, 2009 between:

A. INDEPENDENT ELECTRICITY SYSTEM OPERATOR, (the "Company")

B. ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

RECITALS:

1. Pursuant to section 116 of the *Electricity Act, 1998*, the Lieutenant Governor in Council made an order ("Transfer Order") transferring certain officers, employees, assets, liabilities, rights and obligations of Ontario Hydro to the Company;

2. Pursuant to the Transfer Order, the Company and OEFC entered into an agreement dated April 1, 1999 ("Note Agreement") under which the Company issued a note in the amount of $70.3 million ("Initial Note") to OEFC in partial payment for the assets and rights described above;

3. The Company and OEFC entered into an amending agreement dated March 23, 2000 (which together with the Note Agreement is referred to in this amending agreement as the "Amended Note Agreement") to provide for the issuance of a new note ("Existing Note") in the amount of $78.2 million in replacement for the Initial Note;

4. The Company was continued under the name Independent Electricity System Operator pursuant to subsection 4(1) of the Electricity Act, 1998 effective January 1, 2005;

5. The Minister of Finance has directed OEFC to extend the term of the loan from May 1, 2009 to May 1, 2011.

6. The parties wish to further amend the Amended Note Agreement.

NOW THEREFORE, in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

1. **Defined Terms.**
Capitalized terms used in this amending agreement and not otherwise defined herein have the meanings specified in the Amended Note Agreement;

2. **Amendment to Article 2 of the Amended Note Agreement.**

The following sections are added after Section 2.6.

2.7 **Refinancing Note**

On May 1, 2009, the Company shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule 2.7 (the "Refinancing Note") which shall be in an aggregate principal amount equal to $78.2 million, dated as of May 1, 2009 and maturing on May 1, 2011 and bearing interest at a per annum rate equal to the yield earned on ninety day Province of Ontario treasury bills as determined by the OEFC, plus 25 basis points (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Refinancing Note by OEFC, the Existing Note shall be of no further force or effect and shall be returned by OEFC to the Company marked "cancelled".

2.8 **Interest on Refinancing Note**

From May 1, 2009 to April 30, 2011, interest on the Refinancing Note at the rate specified in Section 2.7 shall accrue daily and shall be payable in quarterly installments on February 1, May 1, August 1 and November 1 in each year (each an "Interest Payment Date"), with the first such payment for the Refinancing Note to be made for the period from and including May 1, 2009 to but excluding August 1, 2009.

The interest rate on the Refinancing Note shall be reset automatically by the OEFC on the first business day of each quarter from and including May 1, 2009, to but excluding May 1, 2011 (each, an "Interest Reset Date"), at the interest rate equal to the yield earned on ninety-day Province of Ontario treasury bills on each Interest Reset Date as determined by the OEFC, plus 25 basis points

OEFC will provide the Company with written notice by email of the interest rate, date of interest payment and the interest payment amount due, as soon as possible after its determination, but in no event later than five business days following each Interest Reset Date.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

2.9 Prepayment on Refinancing Note

The Company may, prepay all or part of the Refinancing Note subject to the following restrictions in respect of each said prepayment:

(a) the prepayment shall be in a multiple of $5 million;
(b) the prepayment shall be made on an Interest Payment Date;
(c) the Company shall give irrevocable written notice substantially in the form attached as Schedule 2.9 (a "Notice of Prepayment") to OEFC of the amount of the prepayment at least fifteen (15) Business Days before the date on which the prepayment shall be made.

3. **Reference to and Effect on the Amended Note Agreement.** On and after this date, each reference in the Amended Note Agreement to "this Agreement" and each reference to the Amended Note Agreement in any and all other agreements, documents and instruments delivered by the Company and OEFC shall mean and be a reference to the Amended Note Agreement as amended by this amending agreement. Except as specifically amended by this amending agreement, the Amended Note Agreement shall remain in full force and effect.

4. **No Waiver.** The execution, delivery and effectiveness of this amending agreement shall not, except as expressly provided herein, constitute a waiver of any provision of the Amended Note Agreement.

5. **Governing Law.** This amending agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

6. **Counterparts.** This amending agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this amending agreement.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: Gary Hurkey
CFO.

~~By:~~ _____

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____
Michael Manning
Executive Director

~~By:~~ _____

SCHEDULE 2.7
FORM OF REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Principal Amount:	$78.2 million	Date: May 1, 2009
Interest Rate:	A variable rate of interest equal to the yield earned on ninety day Province of Ontario Treasury Bills, as determined by the Lender, plus 25 basis points	
Due:	May 1, 2011	

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("Company") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $78.2 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

OEFC shall and is unconditionally and absolutely authorized and directed by the Company to record on the grid attached hereto the date and amount of each prepayment on account of the principal paid to OEFC and the resulting outstanding principal amount of this Note provided that such prepayment is made on an Interest Payment Date (as defined below) and in accordance with the terms of the Agreement as amended (as defined below). Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such prepayments.

The outstanding principal amount of this Note together with all interest accrued thereon shall become due and payable on May 1, 2011.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the yield earned on ninety-day Province of Ontario treasury bills , as determined by OEFC, plus 25 basis points. Interest at such rate shall accrue daily and shall be payable in arrears in quarterly installments on February 1, May 1, August 1 and November 1 in each year (each an "Interest Payment Date") commencing August 1, 2009.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the Company and OEFC ("Agreement") and amended by an amending agreement dated March 23, 2000 and an amending agreement dated April 23, 2009, which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICITY
SYSTEM OPERATOR

By: _____

By: _____

Amending Agreement #2 in Respect of Agreement Providing For Issuance of a Note
dated April 23, 2009

DATE	PRINCIPAL ADVANCED ($)	DATE OF EACH PREPAYMENT	AMOUNT OF EACH PREPAYMENT	OUTSTANDING PRINCIPAL AMOUNT ($)	Notation Made By
May 1, 2009	78,200,000			78,200,000	
-	-	-	-	-	-

Schedule 2.9

PREPAYMENT NOTICE

To: OEFC
c/o Ontario Financing Authority
Attention: Manager, Electricity and Nuclear Fund

Fax: (416) 325-8111

From: Independent Electricity System Operator
Treasury Department, Finance

Date: _____

Reference is made to the Note Agreement made between the Independent Electricity System Operator as borrower (the "Company"), and OEFC as lender dated as of April 1, 1999, as amended by agreement as of March 23, 2000 and April 23, 2009 (collectively the "Note Agreement"). Unless otherwise defined herein, all terms used in this notice with initial capital letters (other than for grammatical purposes) shall have the respective meanings ascribed thereto in the Note Agreement.

Pursuant to section 2.9 of the Note Agreement, the Company hereby gives notice to OEFC that the Company will make a prepayment on account of the principal amount of Refinancing Note as follows:

amount of prepayment: _____

date of prepayment: _____

DATED this _____ day of _____, _____.

Yours very truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Title: _____

AMENDING AGREEMENT NO.3

This Amending Agreement made as of the 11th day of October, 2005.

BETWEEN: **ONTARIO POWER AUTHORITY** a corporation established under the *Electricity Act, 1998* (the **"OPA"**)

AND: **ONTARIO FINANCING AUTHORITY** a Crown agency established under the *Capital Investment Plan Act, 1993* (the **"OFA"**)

WHEREAS the OPA and the OFA entered into a credit agreement dated January 1, 2005, as amended by an Amending Agreement dated February 14, 2005 (together the "Credit Agreement") pursuant to which the OFA has agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the grid note is $386,034,687.25;

AND WHEREAS the OPA and the OFA have now agreed to increase the operating facility to a principal amount of up to $975,000,000;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. The definition of Commitment in Section 1.1 of the Credit Agreement is amended by deleting "$500 million" and substituting "$975,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the OPA shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $975,000,000 substantially in the form attached to this Amending Agreement and indicating a total principal amount of advances outstanding to date of $386,034,687.25 Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid promissory note to the OPA.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

by: Gadi

Name: Gadi Mayman

Title: Chief Executive Officer

ONTARIO POWER AUTHORITY

by: MERichardson

Name: MARY ELLEN RICHARDSON

Title VP, CORPORATE AFFAIRS
ACTING CHIEF EXECUTIVE OFFICER

By: _____

Name:

Title

AMENDING AGREEMENT NO.4

This Amending Agreement made as of the 27th day of September, 2006.

BETWEEN: **ONTARIO POWER AUTHORITY** a corporation established under the *Electricity Act, 1998* (the **"OPA"**)

AND: **ONTARIO FINANCING AUTHORITY** a Crown agency established under the *Capital Investment Plan Act, 1993* (the **"OFA"**)

WHEREAS the OPA and the OFA entered into a credit agreement dated January 1, 2005, as amended by an Amending Agreement dated February 14, 2005 and Amending Agreement NO.3 dated October 11, 2005 (together the "Credit Agreement") pursuant to which the OFA has agreed to provide a revolving operating facility to the OPA in the principal amount of up to $975 million and the OPA issued a grid note dated October 12, 2005 to the OFA for a principal amount of up to $975 million;

AND WHEREAS the OPA and the OFA have now agreed to extend the mandatory repayment date for the operating facility from December 31, 2006 to December 31, 2010;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. Section 2.4 of the Credit Agreement is amended by deleting "December 31, 2006" and substituting "December 31, 2010" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the OPA shall execute and deliver to the OFA a new grid promissory note substantially in the form attached to this Amending Agreement and indicating a total principal amount of advances outstanding to date of $237,677,910.71. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid promissory note to the OPA.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman

Title: Chief Executive Officer

ONTARIO POWER AUTHORITY ~~AUTHORITY~~

by: _____

Name: JAN CARR

Title CEO

by: _____

Name: John STEEN

Title Director of Finance

AMENDING AGREEMENT NO.5

This Amending Agreement made as of the 13th day of July 2007.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3") and September 27, 2006 (titled, "Amending Agreement No. 4") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 3.1 of the Agreement is hereby amended by deleting the date "November 30, 2006" substituting therefor the date "November 30, 2010".
2. Section 5.1(b) of the Agreement is hereby amended by deleting the date "December 31, 2006" and substituting therefor the date "December 31, 2010".

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Gadi Mayman
Title: Chief Excecutive Officer

ONTARIO POWER AUTHORITY

Per: _____
Name: Jan Carr
Title: Chief Executive Officer

AMENDING AGREEMENT NO.6

This Amending Agreement made as of the 9th day of November 2010.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4") and July 13, 2007 (titled, "Amending Agreement No.5") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2013."

2. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2013."

3. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2013;"

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Gadi Mayman
Title: Chief Executive Officer

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

AMENDING AGREEMENT NO.7

This Amending Agreement made as of the 20th day of December 2013.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA"**)

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5") and November 9, 2010 (titled, "Amending Agreement No. 6") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The first sentence of the Recital in the Agreement is deleted and replaced by the following:

   "The OPA has requested an operating line of credit from the OFA in the amount of $975 million and the OFA has agreed to provide such a line of credit to the OPA."

2. Section 2.3 of the Agreement is deleted and replaced by the following:

   "The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

   (1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

   (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

3. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2016."

4. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2016."

5. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2016;"

6. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

7. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

8. Schedule 3 of the Agreement, OPA Grid Note, is deleted and replaced by the OPA Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

SCHEDULE 1 TO AMENDING AGREEMENT NO.7

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [not more than 3 months after the date of the Proposed Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2 TO AMENDING AGREEMENT NO. 7

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principle amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 7

SCHEDULE 3

ONTARIO POWER AUTHORITY GRID NOTE

Principal Amount: Up to $975,000,000 Date:

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

ONTARIO POWER AUTHORITY

By:_____
Colin Andersen
Chief Executive Officer

By:_____
Kimberly Marshall
Vice President, Business Strategies & Solutions

AMENDING AGREEMENT NO. 8

This Amending Agreement made as of the 19th day of December 2014.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricity Act, 1998* ("**OPA**")
(as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")
(as Lender)

WHEREAS the parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6") and December 20, 2013 (titled, "Amending Agreement No. 7") the parties amended the Original Agreement (as so amended, the "Agreement").

AND WHEREAS OPA and OFA now wish to further amend the Agreement in anticipation of the amalgamation, effective January 1, 2015, of the OPA and the Independent Electricity System Operator to continue as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014.*") which received Royal Assent on July 24, 2014.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement (including in the recitals to this Amending Agreement) have the respective meanings given to those terms in the Agreement, and the following terms shall have the meanings assigned to them below:

   (a) "Act" means *Building Opportunity and Securing Our Future Act (Budget Measures), 2014* (S.O. 2014 c.7), as amended;

   (b) "Amalgamation" means the amalgamation of the OPA and Pre-Amalgamation IESO effective January 1, 2015 to continue as a corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" pursuant to Schedule 7 of the Act;

(c) "Amending Agreement" means this Amending Agreement No. 8;

(d) "Electricity Act" means the *Electricity Act, 1998* (S.O. 1998. c. 15), as amended;

(e) "New IESO" means the corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" continued upon the Amalgamation;

(f) "OPA" means the Ontario Power Authority, which will, upon the Amalgamation, amalgamate with Pre-Amalgamation IESO to continue as New IESO;

(g) "Pre-Amalgamation IESO" means the Independent Electricity System Operator, which will, upon the Amalgamation, amalgamate with the OPA to continue as New IESO; and

(h) "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2. Section 2.3 Use of Proceeds - of the Agreement is deleted and replaced by the following:

Up to the effective time of the Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

3. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

4. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

5. The OPA agrees New IESO shall deliver to OFA a certificate of an officer of New IESO, in form satisfactory to OFA, certifying, as at the effective time of the Amalgamation:

(i) that: (A) all the representations and warranties of New IESO in this Agreement (as amended) are true and correct and (B) no default or Event of Default shall have occurred or be continuing and no event or condition shall have occurred which, with the lapse of time or the giving of notice or both, would constitute an Event of Default; and

(ii) as to incumbency of the officers and directors of New IESO.

6. As soon as reasonably possible following the Amalgamation, but in any event by no later than March 31, 2015, New IESO shall execute and deliver to the OFA a confirmation of New IESO's assumption of the Agreement, as amended by this Amending Agreement, and of the OPA Grid Note, in form satisfactory to OFA, together with a certificate of incumbency in respect of the officers of New IESO.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Kimberly Marshall
Title: VP, Corporate Services; CFO and Treasurer

SCHEDULE 1 TO AMENDING AGREEMENT NO. 8

FORM OF BORROWING NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA") refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [not more than 3 months after the date of the Proposed Advance.]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for the following purposes:

(1) *<indicate amount and purpose of funds requested>*
(2) *<indicate amount and purpose of funds requested>*

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Borrowing Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 1), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

SCHEDULE 2 TO AMENDING AGREEMENT NO. 8

FORM OF ELECTION NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refers to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Election Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 2), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 14, 2017 9:56:29 AM
Attachments:	FHP_IESO_OFA Credit Agreement (DRAFT).docx

Good morning Lisa,
I have revised the recitals. I hope this is more in line with what you are looking for.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan
Cc: Sarah Harris
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi William,
I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hello Lisa,
Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).
Thanks,
Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties") **(the "OFA")**

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its funding shortfalls ~~: The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").~~

~~The IESO has requested financing to fund short to medium term funding shortfalls~~ that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:~~Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") in an aggregate principal amount of up to CAD $2,000,000,000.00.~~

~~The following terms and conditions shall apply in respect of the Line of Credit:~~
~~The Line of Credit shall be made for the purpose of providing IESO financing of short to medium~~

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~~term funding shortfalls in the implementation of, and its participation in, the *Ontario Fair Hydro Plan Act, 2017*.~~

~~A Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.~~

~~All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.~~

~~The OFA will charge interest on the Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.~~

~~The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.~~

~~The Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and to be entered into by the IESO and the OFA.~~

~~Pursuant to Orders in Council ####/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Loan made under the authority of this Directive, the amount of the spread retained by the OFA shall be equal twenty-five (25) basis points.~~

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current

construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date

contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT2]: Question for Lisa, other agreements stop taking advances one month before the agreement is set to expire. Since FHP has a 7 day minimum advancement should this be moved upto September 23, 2022?

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the

outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will

be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during

the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH3]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other

covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and

empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein,

applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCPAL BALANCE	NOTATION MADE BY

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 14, 2017 9:56:29 AM
Attachments:	FHP_IESO_OFA Credit Agreement (DRAFT).docx

Good morning Lisa,
I have revised the recitals. I hope this is more in line with what you are looking for.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan
Cc: Sarah Harris
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi William,
I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hello Lisa,
Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).
Thanks,
Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties") **(the "OFA")**

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its funding shortfalls ~~: The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").~~

~~The IESO has requested financing to fund short to medium term funding shortfalls~~ that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:~~Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") in an aggregate principal amount of up to CAD $2,000,000,000.00.~~

~~The following terms and conditions shall apply in respect of the Line of Credit:~~
~~The Line of Credit shall be made for the purpose of providing IESO financing of short to medium~~

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~~term funding shortfalls in the implementation of, and its participation in, the *Ontario Fair Hydro Plan Act, 2017*.~~

~~A Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.~~

~~All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.~~

~~The OFA will charge interest on the Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.~~

~~The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.~~

~~The Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and to be entered into by the IESO and the OFA.~~

~~Pursuant to Orders in Council ####/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Loan made under the authority of this Directive, the amount of the spread retained by the OFA shall be equal twenty-five (25) basis points.~~

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current

construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date

contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT2]: Question for Lisa, other agreements stop taking advances one month before the agreement is set to expire. Since FHP has a 7 day minimum advancement should this be moved upto September 23, 2022?

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the

outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will

be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during

the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH3]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other

covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and

empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein,

applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCPAL BALANCE	NOTATION MADE BY

From: Sarah Harris
To: William Tan
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date: Tuesday, June 20, 2017 1:06:21 PM
Attachments: OFHP_IESO_OFA Credit Agreement (DRAFT) v4.doc
Comparison OFHP 2017 v. OPA 2005.docx
OFA-OPA Original Credit Agreement.docx
image001.png

Hi Will,

With regard to the following section:

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Please reach out directly to Salman and Toby (cc' Lisa) to get their assistance in defining the use of proceeds for the IESO credit facility.

Also, Toby is going to need to review the credit facility agreement. Once Lisa comes back with her comments, you'll need to go through the draft, revise it accordingly, then you can let Lisa know that you will circulate to Toby so he can provide any comments as well. It would be best to give Toby the head's up that it will be coming.

Thanks,

Sarah

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:

Section 3.4 Interest on Advances.

To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,
Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
Please find the compared version attached.
Thanks,
Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,
Can you also please create a compare with the agreement that you based this on so that I can see the changes?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,
I have revised the recitals. I hope this is more in line with what you are looking for.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,
I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hello Lisa,
Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).
Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its funding from the OFA to support the IESO's role in the implementation of the Ontario Fair Hydro Plan Act, 2017 (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public

and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Commented [WT1]: Salman and Lisa, please comment if this regulation still applies?

Commented [WT2]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT3]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its

property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "Company"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Line of Credit Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

~~ONTARIO POWER AUTHORITY~~

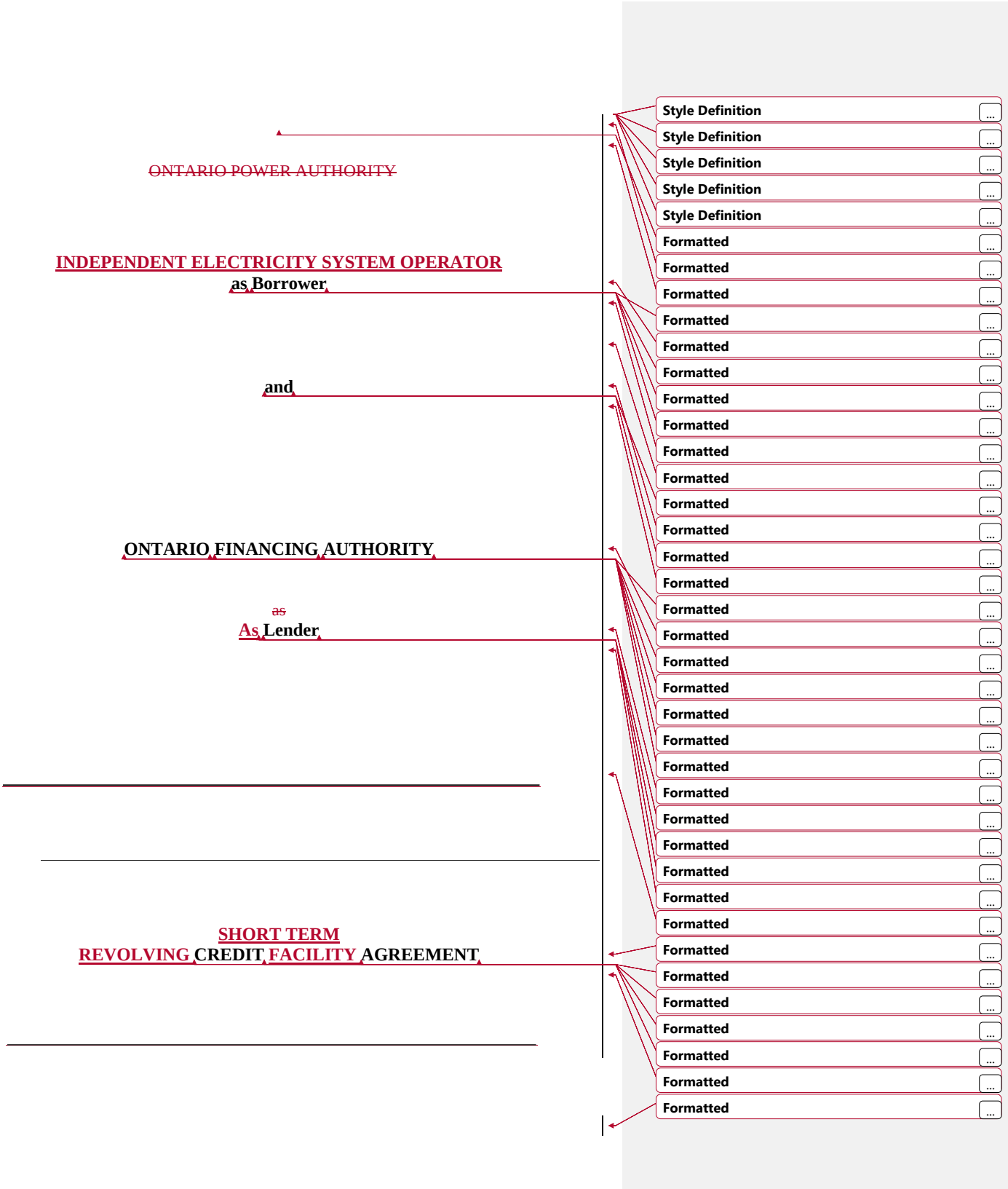
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

~~as~~
As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT



Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ~~1st~~**(·) day of** ~~January 2005, between:~~**July 2017,**

~~A. ONTARIO POWER AUTHORITY a~~**BETWEEN:**

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation ~~established~~without share capital existing under the Electricity Act, 1998 ("IESO") ~~(the "OPA")~~

(as Borrower)

AND

~~B.~~ **ONTARIO FINANCING AUTHORITY**~~,~~, a Crown agency established ~~-~~under the Capital Investment Plan Act, 1993 ~~(~~("OFA" and together with the IESO, the ~~"OFA").~~"Parties")

~~RECITAL:~~

(the "OFA")

RECITALS:

WHEREAS The ~~OPA~~IESO has requested ~~an operating line of~~ a short term revolving credit facility from ~~the OFA~~OFA for the purpose of its funding from the OFA to support the IESO's role in the ~~amount~~ implementation of ~~$500 million and the OFA has agreed to provide such a line~~the Ontario Fair Hydro Plan Act, 2017 (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit ~~to the OPA.~~facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

~~NOW~~ **AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are ~~acknowledged~~acknowledge), the ~~paiies~~parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**“Advances**"**”** means advances made by the OFA to ~~the OPA~~IESO under Article 3 and "“Advance"

” means any one of such advances~~.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$"** means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $~~500 million~~2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the ~~OPA~~IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

~~(a)~~ (a) every obligation of such Person for borrowed money;

~~(b)~~ (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

~~(c)~~ (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

~~(d)~~ (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

~~(e)~~ (f) the Swap Termination Value of each Swap Contract of such Person; and

~~(f)~~ g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Operating Facility"**~~ **"Note"** means the ~~revolving credit facility to be made available to the OPA by the OFA~~notes of IESO issued under this Agreement ~~for the purposes specified in Section 2.3.~~.

"Permitted Liens" means:

~~(a)~~ (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

~~(b)~~ (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

~~(c)~~ (c) any obligations or duties, affecting the property of ~~OPA~~IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the ~~OPA~~IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the ~~OPA~~IESO or such Material Subsidiary;

~~(d)~~ (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs ~~of litigation~~of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

~~(e)~~ (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the ~~OPA~~IESO or a Material Subsidiary that have not at the time been filed against the ~~OPA~~IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the ~~OPA~~IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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~~(g)~~ (g) any Lien the validity of which is being contested at the time by the ~~OPA~~IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

~~(h)~~ (h) any easements, rights-of-way and servitudes that in the opinion of the ~~OPA~~IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the ~~OPA~~IESO or a Material Subsidiary;

~~(i)~~ (i) any Liens and privileges arising out of judgments or awards with respect to which the ~~OPA~~IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the ~~OPA~~IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the ~~OPA~~ IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated -organization or any government or agency or political subdivision thereof

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation ~~of law~~of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings ~~and the provision of a Table of Contents~~ are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified

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date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ~~ac.cepted~~accepted accounting principles refer to accounting ~~principles generally accepted in Canada~~policies and standards as ~~recommended in~~established by the ~~Handbook of the Canadian Institute of~~ Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 ~~OPERATING~~ REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA.~~IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 ~~Commitment and Facility Limits.~~

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3~~ Use of Proceeds.

The ~~OPA~~IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998~~.~~, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory ~~-~~Repayment.

Subject to Sections 2.~~9 and~~ 5.~~1~~ and 5.2, the ~~OPA~~IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2006.~~September 30, 2022.

Section 2.5 Prepayments.

The ~~OPA~~IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~7~~6 Payments under this Agreement.

~~The OPA~~

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the ~~OPA~~IESO from time to time, or in such other manner as the OFA may specify to the ~~OPA~~IESO from time to time. The ~~OPA~~IESO shall make each such payment in Canadian Dollars.

~~(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer~~

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~~instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.~~

Section 2.~~8~~7 Computations~~ of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~9~~8 Limit on Rate of Interest.

(1) Notwithstanding ~~-~~any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to ~~November 30, 2006~~August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made ~~on one~~subject to two Business ~~Day's~~Days' prior notice given not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the ~~OPA~~IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than ~~1 month, 2 months or 3~~7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2 ~~months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.~~

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The ~~OPA~~IESO authorizes the OFA to record on the grid

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promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each

(2) payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the ~~OPA~~IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The ~~OPA~~IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of ~~1 month, 2 months or 3 months~~7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made ~~one~~two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the ~~OPA. If the OPA~~IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

~~(1)~~ (1) The ~~OPA~~IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province's~~OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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(3) ~~If the OPA~~IESO elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~OPA~~IESO promissory note in respect of Advances held by it.
~~in respect of Advances held by it.~~

Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

~~(a)~~ (a) that the representations and warranties of the ~~OPA~~IESO contained in this Agreement are true and correct as at the date of making the Advance;

~~(b)~~ (b) that no Event of Default has occurred and is continuing;

~~(c)~~ (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the ~~OPA~~IESO; and

~~(d)~~ (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the ~~OPA~~IESO is in compliance with the ~~tenns~~terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the ~~OPA~~IESO confirming that the borrowing is within the legal powers of the ~~OPA~~IESO and that the Agreement is a direct, unsecured obligation of the ~~OPA~~IESO enforceable against the ~~OPA~~IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE ~~OPA~~IESO

Section 4.1 Payment of Advances.

The ~~OPA~~IESO will duly and punctually pay ~~or cause to be paid all~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and ~~subject to the~~ conditions of this Agreement.

Section 4.2 ~~OPA~~IESO will Maintain its Corporate Existence.

~~The OPA~~

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the ~~OPA~~IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the ~~OPA~~ IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the ~~OPA~~ IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the ~~OPA~~ IESO any such Material Subsidiary, desirable in the conduct of its business or the

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business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The ~~OPA~~IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

~~(a)~~ (a) the creation, incurrence or assumption of any Purchase Money Mortgage;

~~(b)~~ (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the ~~OPA~~IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

~~(c)~~ (c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), ~~(d)~~ (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

~~The OPA~~

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the ~~OPA~~IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province's~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the ~~OPA~~IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the ~~OPA~~IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

~~(a)~~ (a) the IESO's failure to pay ~~any interest upon~~the principal amount of any Advance ~~when it becomes due~~ and ~~payable, if such failure continues~~all interest accrued thereon on the applicable Repayment Date for a period of 3 ~~Business Days~~business days and any other amounts owing under this Agreement when due;

~~(b)~~ (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on ~~December 31, 2006~~September 30, 2022 ;

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~~(c)~~ (c) failure on the part of the ~~OPA~~IESO to observe or perform its obligations set forth in Section 4.1;

(~~c)~~ d) failure on the part of the ~~OPA~~IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the ~~OPA~~IESO by the OFA;

(~~f)~~ e) any representation or warranty made by the ~~OPA~~IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

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~~(g)~~ (f) one or more breaches by the ~~OPA~~ IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches;

~~(i)~~ (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

~~(ii)~~ (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

~~(h) the OPA:~~

(g) the IESO or any Material Subsidiary :

~~(i)~~ (i) becomes generally not able to pay its debts as they become due;

~~(ii)~~ (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

~~(iii)~~ (iii) institutes or has instituted against it any proceeding seeking:

~~(A)~~ (A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismissed~~ undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee,

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custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

~~official for it or for any substantial part of its properties and assets) occurs; or~~

~~(iv)~~ (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (h)(i) to (iii); or

(~~i~~) h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the ~~OPA~~IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

~~If~~proceedings

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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~~(a)~~ (a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

~~(b)~~ (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 Representations and Warranties of ~~OPA~~IESO

The ~~OPA~~IESO represents and warrants to the OFA that:

~~(a)~~ (a) the borrowing of money (including principal and accrued interest) by the ~~OPA~~IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the ~~OPA~~IESO and have been duly authorized by all necessary legal action and proper proceedings;

~~(b)~~ (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the ~~OPA~~IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the ~~OPA~~IESO or any contractual or other obligation binding on the ~~OPA~~IESO;

~~(c)~~ (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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~~(d)~~ (d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~3~~2.

Section 6.2 Continuation of Representation ~~-~~and Warranties

The representations~~-~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~2~~ 7~~GENERAL~~
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication ~~-~~addressed:

If to the ~~OPA~~IESO, to it at:

~~Ontario Power Authority 880 Bay~~Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON ~~M7A 2C~~M5H 1T1

Attention: Chief ~~Executive~~Financial Officer

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Telephone: (416)969-6232
~~Telecopier:~~
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
~~Telephone:~~ Telephone: (416) 325-~~8128~~8930
~~Telecopier:~~ Telecopier: (416) 325-~~8005~~8111

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~7~~8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~7~~8.1.

Section ~~7~~8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.
~~to this Agreement.~~

Section ~~7~~8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section ~~7~~8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.
~~of such right shall not preclude an other or further exercise of such right or the exercise of any other right.~~

Section ~~7~~8.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section ~~7~~8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~7~~8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~7~~8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF the ~~parties~~Parties have executed this Amending Agreement as of the ~~1st day of January, 2005~~date first written above.

ONTARIO POWER AUTHORITY

~~by:~~

~~Name: Rosalyn Lawrence~~

Authorized Signing Officer

~~and:~~

~~Name: Riggs~~

~~ONTARIO FINANCING~~ HORITY

~~by:~~

~~Name:~~
~~Title:~~ ~~Gadi Mayman~~

Chief Executive Officer

ONTARIO FINANCING AUTHORITY

Per: Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~-204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
~~M7A1Y7~~

M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and the OFA,~~), and gives you notice pursuant to Section 3.2 of the Agreement that the ~~OPA~~IESO requests an Advance under the Agreement, and, in ~~that~~ connection with such request, sets forth below the information relating to such Advance (the ~~"~~"Proposed Advance~~")~~"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
~~(b)~~ (b) The aggregate amount of the Proposed Advance is _____ $_____;
~~(c)~~ (c) The Repayment Date of the Proposed Advance is _____; ~~[not more~~ [Not earlier than ~~3 months~~7 days and not later than 95 days after the date of the Proposed Advance~~]~~.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

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constitute an Event of Default.

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would

Per: _____

~~Rosalyn Lawrence~~ **INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

Per: _____

Name:

Authorized ~~-~~Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~ 204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and OFA,~~), and gives you notice pursuant to Section 3.3 of the Agreement that the ~~OPA~~IESO elects to continue all or a portion of an Advance for an additional term, and~~,~~ in ~~that~~ connection with such election, sets forth below the information relating to ~~the~~such election as required by Section 3.3(~~3~~2) of the Agreement:

(a) The ~~outstanding~~date of the proposed election, being a Business Day is ;
(b) The aggregate amount of the proposed election is $;
~~(a)~~ i. previous principal amount ~~of such Advance to be continued is $~~ $

ii. interest $

~~(b)~~ (c) The new Repayment Date applicable to such Advance is~~; [not more~~ . [Not earlier than ~~3 months~~7 days and not later than 95 days after the current Repayment Date for the Advance~~.~~.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~ INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized -Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

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SCHEDULE 3 ~~ONTARIO POWER AUTHORITY~~
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $~~500~~2,000,000,000 Date: -

FOR VALUE RECEIVED, ~~ONTARIO POWER AUTHORITY~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR **(the "~~OPA"),~~**

Company"), incorporated under the laws of the ~~Province~~OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~OPA~~Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~OPA~~Company to record on the Grid (~~a~~i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (~~b~~ii) the applicable rate of interest for each Advance; (~~c~~iii) the repayment date of each Advance; (~~d~~iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (~~e~~v) the outstanding principal ~~balance.~~amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie~~-~~ evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as ~~of [Insert]~~amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. ~~This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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IN WITNESS WHEREOF the ~~OPA~~Company has executed this Note.

ONTARIO POWER AUTH~~ORITY~~

~~Per:~~ _____

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

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INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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~~DATE~~Date	~~PRINCIPAL RATE ADVMTCED~~Principal Advanced	~~REPAYMENT DATE AND PRINCIPAL REPAID~~Rate	~~INTEREST PAYMENT DATE AND AMOUNT~~Repayment Date and Principal Repaid	~~UNPAID PRINCIPAL BALANCE~~Interest Payment Date and Amount	~~NOTATION MADE BY~~ Unpaid Principal Balance	Notation Made By

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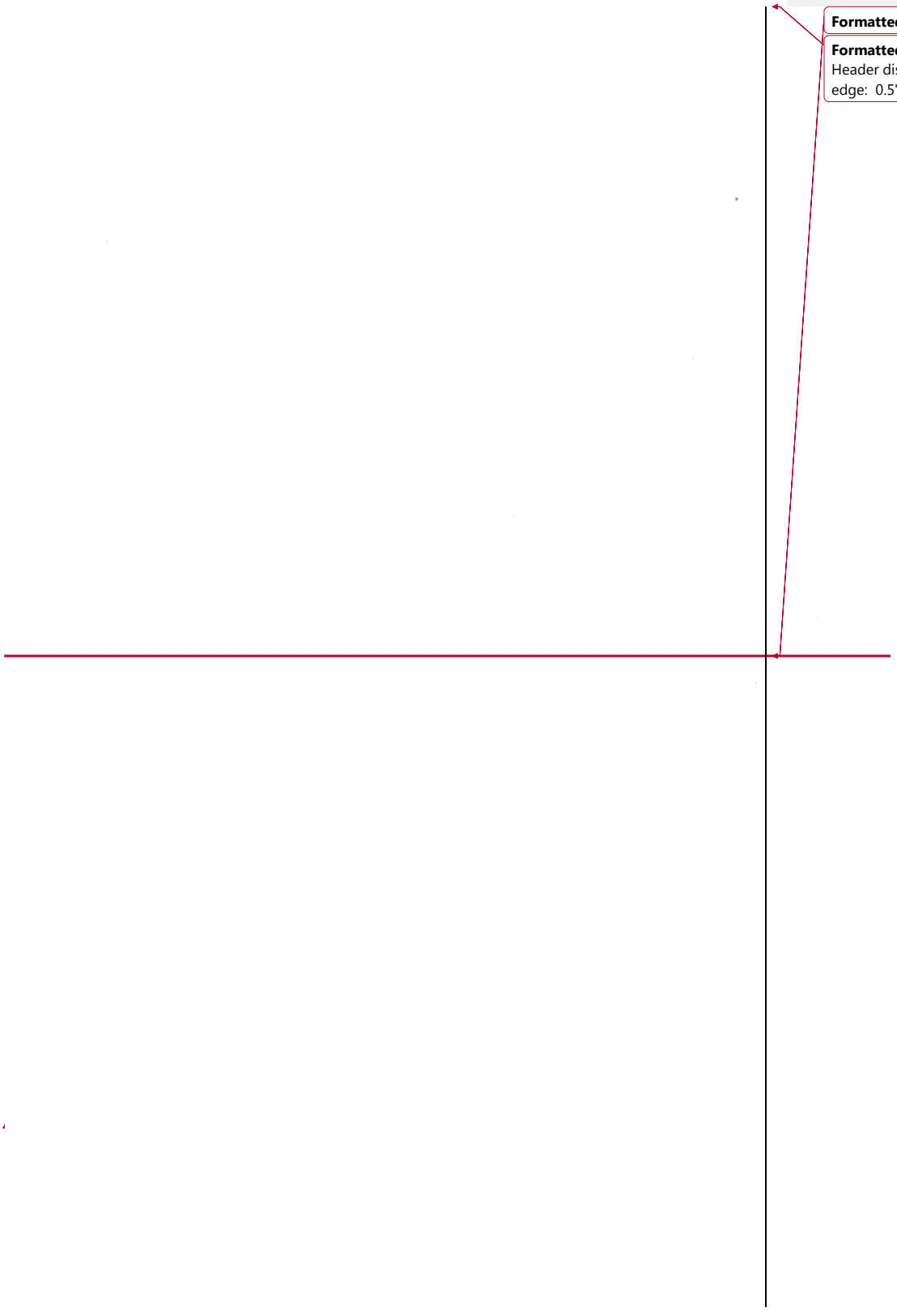

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ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998* (the "OPA")

B. ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs oflitigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation oflaw to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac.cepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(I) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of I month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. Ifthe OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) Ifthe OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the tenns and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

Ifproceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 **Delay or Omission not Waiver.**

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ?

GENERAL

Section 7.1 **Notices.**

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: --0+"-'-'-'

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____
(b) _ The aggregate amount of the Proposed Advance is_____
(c) The Repayment Date of the Proposed Advance is_____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is_____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"),** incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: ...../L: ;.ZZWUL:;:.....

Rosalyn Lawrence
Authorized Signatory

Per: _____

Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From: Sarah Harris
To: Kelly Listoe
Subject: FW: FHP
Date: Wednesday, May 31, 2017 10:01:50 AM
Attachments: Financing Trust - Performance Fee Recommendation.doc
FW Draft GA Sub debt term sheet - Performance Fee Recommendations.msg
Fwd Draft GA Sub debt term sheet.msg
FW OFHP - Outstanding business issues - new note#5 IESO.msg
FW Equity Injection Term Sheet.msg
RE Provincial Support Term Sheet.msg
FW EXTERNAL RE Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust.msg

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Hi Kelly,
I'm going to draw you into the nebulous world of FHP and am going to ask you to get familiar as you can with the attached information Opal has provided. This is still considered confidential. Essentially she looking to see, based on the information she's been provided, if you might be able to attempt to connect how this information fits together in order to better understand how the FHP is being structured.
Opal mentioned something to the effect that OPG is going to Energy to submit its request for a capital infusion, Energy is coming to the Province, the Province is investing funds in OPG and will get some shares in OPG. OPG will then go form some type of trust and invest those funds. Clear as mud? Thought so.
In other words, could you please review the docs and do your best to figure it out based on the information provided? If you have any comments or questions on the docs that are worth raising, please let me know.
Thanks,
Sarah

From: Opal Kandelas
Sent: Wednesday, May 31, 2017 9:36 AM
To: Sarah Harris
Subject: FHP
Hi Sarah,
The FHP seems to be taking shape but (as should be reasonably expected) much of the information is coming to me in bits and pieces. Would be good to have a Doc staff familiar with this as more info becomes available or is being developed. It's being kept at a fairly high level at this time, but don't want to be surprised if Documentation is needed to jump in. I've included the emails on the subject to help provide some context – they aren't all helpful though. What I've sent is for review and provide opportunity to comment as well as to ask questions.
Docs for review/comment/question:
Financing Trust- Performance Fee Recommendation
Subordinated Debt Term Sheet
Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1
Term Sheet Master Subscription draft May 26
Provincial Support Agreement May 12 MOF draft comments
Term Sheet – Provincial Support Agreement May 12
Compare Term Sheet Provincial Support Agreement Term Sheet
Thanks,
Opal.

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

From: Carlos Yep []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; John Psinas [John.Psinas@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; 'Montgomery, Kaitlin (MOF)' [Kaitlin.Montgomery@ontario.ca]
Subject: FW: Draft GA Sub debt term sheet - Performance Fee Recommendations
Date: Wednesday, May 31, 2017 09:05:46
Attachment 1: Financing Trust - Performance Fee Recommendation.doc

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fyi

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: RE: Draft GA Sub debt term sheet

Carlos,

Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.

Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY; HAHN PARKER Janet -TREASURY
Subject: Draft GA Sub debt term sheet

Carlos,

Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.

Thanks

Sheen

<< File: Draft Subordianted Debt Term Sheet.doc >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
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Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

From: Carlos Yep []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; John Psinas [John.Psinas@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Kaitlin.Montgomery@ontario.ca [Kaitlin.Montgomery@ontario.ca]
Subject: Fwd: Draft GA Sub debt term sheet
Date: Tuesday, May 30, 2017 16:32:25
Attachment 1: Draft Subordianted Debt Term Sheet.doc
Attachment 2: ATT00001.htm

Begin forwarded message:

From: LIU Sheen -TREASURY <sheen.liu@opg.com>
Date: May 30, 2017 at 4:26:00 PM EDT
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, PRESTON Stuart -TREASURY <stuart.preston@opg.com>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com>
Subject: Draft GA Sub debt term sheet

Carlos,

Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.

Thanks

Sheen

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Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

From: Carlos Yep []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
CC: Mike Manning [Mike.Manning@ofina.on.ca]
Subject: FW: OFHP - Outstanding business issues - new note#5 IESO
Date: Tuesday, May 30, 2017 14:27:56
Attachment 1: Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1.docx

---

-----Original Message-----
From: Carlos Yep
Sent: Tuesday, May 30, 2017 12:21 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

fyi

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, May 30, 2017 11:28 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

Outstanding Business Issues – Ontario Fair Hydro Plan
Briefing Note

PURPOSE
Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (~~Service and~~ Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA and working towards the development of a term sheet
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - The Province would like to minimize to the extent possible , the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers
   - The Province is considering regulation changes to exempt the income arising as a consequence of the Fair Hydro Plan from PILs
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity
   - **Next Steps:**
     - The Ministries of Finance, OFA and OPG are working together to determine required regulation changes
     - Timing: [Next steps for a decision / when is a decision required / when would these regulation changes occur]

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**

- OPG will require equity injections on a monthly basis in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province
- The Ministry of Energy received appropriation for $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT
- **Next Steps:**
    - The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.
    - Timing: OPG will require the ability to issue equity in July, so mechanics and agreements should be finalized in June

4. Management Fees

- OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
- The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations which are currently in development
- OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements
- **Next Steps:**
    - OPG and OEB will bring forward a recommended framework for developing management fees
    - Timing: For incorporation into regulations being brought forward in June

5. IESO – Increased Credit Facilities

- The OPG financing entity has the right to purchase the regulatory asset from IESO but does not have to purchase it.
- IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
- **Next Steps:**
    - OFA is …..
    - Timing: ……

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From: Carlos Yep []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
Subject: FW: Equity Injection Term Sheet
Date: Tuesday, May 30, 2017 12:16:51
Attachment 1: Term Sheet_Master Subscription_draftMay26.docx

---

fyi

From: Carlos Yep
Sent: Tuesday, May 30, 2017 8:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, May 30, 2017 8:23 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Equity Injection Term Sheet

Thanks Carlos.

In the previous H1 related loans, the Minister of Energy signed the share purchase agreement and the Minister of Finance signed the loan agreement under the authority of an OIC. OFA staff act on behalf of the Minister of Finance in taking certain actions related to the loan. I am not sure that the Minister of Energy can delegate authority under the share purchase agreement for this equity injection (i.e. to make a decision to purchase shares) in the same way that OFA staff would deal with actions under a loan agreement. It may be that if there needs to be some quick turn-around in relation to funding OPG via the equity injection that maybe there might be a services agreement between the OFA and the Ministry of Energy. Perhaps, this only refers to how the money is being flowed and is more of a back-office function, and someone at the Ministry of Energy directs the OFA to take the action.

We will take a look at this term sheet too and provide some comments and questions.

Thanks.

Malle

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: May 30, 2017 7:58 AM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Equity Injection Term Sheet

fyi

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

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Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- The Ministry of Energy will delegate authority to the Ontario Financing Authority to manage the monthly settlement process
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

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Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA~~/Province~~ to OPG

(ii) funds transfer from OFA to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Commented [KC1]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute?

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

From: Malle Hanslep (MOF) []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Carlos Yep [Carlos.Yep@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Ronald Kwan [Ronald.Kwan@ofina.on.ca]
CC: Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]
Subject: RE: Provincial Support Term Sheet
Date: Monday, May 29, 2017 12:40:25
Attachment 1: Prov Support Agt May 12 MOF draft comments.docx

---

Hi all,

Here is our issues list.

Malle

From: Hanslep, Malle (MOF)
Sent: May 29, 2017 9:18 AM
To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Support Term Sheet

Hi all,

We are also putting together an issues list for discussion with Energy Legal and Blakes and will share it with you as well.

Is there any type of draft term sheet for the proposed financing transaction itself or the master sales and servicing agreement? Any general description of the proposed transaction would be helpful to us.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: May 26, 2017 3:16 PM
To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: Provincial Support Term Sheet

Hi all,

Further to our meeting on Wednesday, Toby and I have now been in touch with Energy Legal regarding the term sheet and will be attending a meeting with counsel at Blakes next Wednesday morning.

Best,

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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ISSUES LIST – PROVINCIAL SUPPORT AGREEMENT DRAFT MAY 12, 2017

1. Guarantor will be the Minister of Energy and the Minister of Finance on behalf of the Province (see. 5(3) of proposed Fair Hydro Act, 2017).

2. Description of proposed beneficiaries of guarantee is very broad. Provides that beneficiary is Indenture trustee under master trust indenture on behalf of itself and all persons that have claims against a Financing Entity secured under the master trust indenture. Persons range from the Financial Services Manager (OPG) to holders of various types of debt and hedge counterparties. Need to clarify which obligations the Province is being requested to guarantee and under what various agreements to determine scope and limit of guarantee. Is there a term sheet for the proposed financing to be issued by the Financing Entity? Is there a request for a guarantee of payment on other back-up or ancillary borrowing and obligations other than those issued in the market? Is there a draft of the Master Trust Indenture?

3. Why does the term of the guarantee continue for one year after the obligations have been repaid?

4. Performance Guarantee – This is also a very broad guarantee of performance of the IESO and all electricity services providers in favour of the same broad group of beneficiaries. How can the Province ensure that these entities perform their obligations practically? Also the Province is to protect beneficiaries from any commingling risk. It is noted that in the event the performance guarantee is unenforceable against the Province, there would be a separate legal obligation in the provincial support agreement to indemnify beneficiaries for any losses. Would there be any trigger events applicable to the obligation to indemnify as there are for the payment guarantee. If not, is this an issue for accounting treatment purposes? Also, is there an overlap between the performance and payment guarantee? So long as the funding obligations are paid on time by the financing entity, is there a need for other guarantees from the Province? Note that the Province does have immunity from specific types of enforcement under the Proceedings against the Crown Act. Is there a sample term sheet for the Master Sale and Servicing Agreement? Which provisions of the proposed bill are being relied on for this – is it section 5(2)? section 33. There doesn't seem to be a mechanism in the Act to replace the IESO as servicer. Should the Guarantee specify that the Province can appoint a replacement servicer?

5. Payment Guarantee Event – Regarding (B) and (C), the interpretation of when the triggering event has occurred will be an issue – is there a way to make it more objective or how can this be handled if there is a dispute? Regarding (D), think that there is going to be more discussion of the need for this provision from a business perspective. However, is this assuming, that the Province is guaranteeing both long term and short

term funding obligations? Need to clarify when and which obligations the province will be guaranteeing?

6. Payment Guarantee – Again it will be necessary to clarify which obligations the province is guaranteeing to understand what the range of payments to be made are. Also, (y) does not seem acceptable to the Province from a business perspective.

7. Limits under Guarantee – The guarantee wording should be clear so that the Province is guaranteeing payment of certain debt or specific obligations only and the Province's liability should be capped. Province should not be exposed to the risk of any other types of damages or losses.

8. Priority of Payments – Until we know who the beneficiaries are and with respect to what obligations, it is difficult to comment on this.

9. Subrogation – Need to ensure that the Province has appropriate recovery rights and not sure that it is appropriate that all beneficiaries are paid in full before Province gets subrogation rights. Also there is no acceleration here and Province really pays on an ongoing basis so how should subrogation work in such a case.

10. Conditions Precedent – Need to know what they are proposed to be.

11. Representations – Need to know what they are proposed to be as Province does not typically provide representations in connection with guarantees it provides.

12. Confidentiality Obligations – Thought the guarantee is part of a public financing so wouldn't the terms all be known?

13. Legal Opinions – Content, who will be providing them and to whom would they be provided.

General Questions on proposed legislation and interaction with guarantee:

14. General review of relevant sections would be appreciated and how the provisions fit with the requirements of the financing. In particular, s. 5, 13, 19, 21, 22, 33, 41 par 7

Ministry of Finance LSB
May 29, 2017

From: Mike Manning []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date: Tuesday, May 16, 2017 14:55:36
Attachment 1: image001.jpg
Attachment 2: Term Sheet - Provincial Support Agreement - May 12.docx
Attachment 3: Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, May 15, 2017 2:01 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Mike:
Attached is the Dealers latest markup for the Provincial Support Agreement. Their changes center primarily with the Market Disruption.
We can arrange a call to discuss the dealer position.
John
From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Friday, May 12, 2017 6:10 PM
To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; "Benaiah, Ian' (ian.benaiah@rbccm.com)'; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
Subject: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Please find enclosed a revised draft of the Term Sheet for the Provincial Support Agreement.
Regards, Rocco
From: Persaud, Donnie - Debt Capital Markets [mailto:Donnie.Persaud@cibc.com]
Sent: Tuesday, April 25, 2017 6:34 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Innes, Michael <MInnes@osler.com>; Smith, Elliot <ESmith@osler.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq <Shariq.Alvi@cibc.com>; "Benaiah, Ian' (ian.benaiah@rbccm.com)' <ian.benaiah@rbccm.com>; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)' <vickie.turnbull@rbccm.com>; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'

<david.dalbello@rbccm.com>; Milligan, Peter <PMilligan@osler.com>; 'Murray, Tim (tim.murray@rbccm.com)' <tim.murray@rbccm.com>; Khanna, Raj - Corporate Banking <Raj.Khanna@CIBC.ca>; 'Niehaus, Katrina' <Katrina.Niehaus@gs.com>; 'Mullen, Max M.' <Max.Mullen@gs.com>; 'Collins, Patrick J (Patrick.Collins@gs.com)' <Patrick.Collins@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>
Cc: Peric, Christiane <Christiane.Peric@cibc.com>
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Please see attached.
Donnie Persaud | Executive Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto ON M5J 2S8 | Tel: 416-594-7511 | Fax: 416-594-7760 | donnie.persaud@cibc.com

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Tuesday, April 25, 2017 4:54 PM
To: Persaud, Donnie - Debt Capital Markets
Cc: WONG Leslie -LAWDIV; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Donnie:
Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. This draft document reflects the Province initial thoughts. Stu will coordinate this agreement from our end.
John

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CIBC

Provincial Support Agreement Term Sheet

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") on behalf of itself and all other persons having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.

[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee:	Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result.
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) the Legislative Assembly of Ontario repeals the Act; or (B) the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.

Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.

Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Provincial Support Agreement Term Sheet~~—~~

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The ~~trust company acting as~~ indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") ~~acting for the benefit of~~on behalf of itself and all other persons ~~who may have contractual~~having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") ~~(~~including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee~~ and~~, the trustee of the Financing Entity[1]~~)~~ if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2]1 after all ~~Funding Obligations~~funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.
Performance Guarantee:	~~**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under~~Under the Master Sale and Servicing Agreement ~~between IESO, as seller and servicer,~~to be entered into by IESO and the Financing Entity~~, as purchaser~~, **[and OPG as Financial Services Manager]** ("**MSSA**")~~.~~, IESO will have obligations both

[1] ~~We have assumed that the initial Financing Entity will be a trust.~~

[2]1 This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

	as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the ~~Indenture Trustee~~Beneficiaries for any losses that result.
~~**Performance Guarantee Event:**~~	~~A "Servicer Default" occurs under the MSSA[3]~~
~~**Payment Guarantee:**~~	~~**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.~~
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) ~~if~~ the Legislative Assembly of Ontario repeals the Act; or (B) ~~if~~ the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) ~~if~~ a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment

[3] ~~Each Servicer Default will include its own cure period before the event becomes a Servicer Default.~~
[4] ~~To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.~~

	interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.
Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year]** shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid ~~a Beneficiary~~all Beneficiaries in full, to the extent of such ~~payment,~~payments the Guarantor ~~is~~shall be subrogated in and to all the rights of recovery of ~~such~~the Beneficiar~~y~~ies in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all ~~amounts~~indebtedness and obligations owing to ~~a~~the Beneficiar~~y~~ies,

	the Indenture Trustee will acknowledge and agree on behalf of ~~such~~the Beneficiar~~y~~ies that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiar~~y~~ies ha~~s~~ve or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a ~~Performance Guarantee Event or~~ Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~5~~[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

~~5~~[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

From: Sarah Harris
To: Kelly Listoe
Subject: FW: FHP
Date: Wednesday, May 31, 2017 10:01:50 AM
Attachments: Financing Trust - Performance Fee Recommendation.doc
FW Draft GA Sub debt term sheet - Performance Fee Recommendations.msg
Fwd Draft GA Sub debt term sheet.msg
FW OFHP - Outstanding business issues - new note#5 IESO.msg
FW Equity Injection Term Sheet.msg
RE Provincial Support Term Sheet.msg
FW EXTERNAL RE Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust.msg

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Hi Kelly,
I'm going to draw you into the nebulous world of FHP and am going to ask you to get familiar as you can with the attached information Opal has provided. This is still considered confidential. Essentially she looking to see, based on the information she's been provided, if you might be able to attempt to connect how this information fits together in order to better understand how the FHP is being structured.
Opal mentioned something to the effect that OPG is going to Energy to submit its request for a capital infusion, Energy is coming to the Province, the Province is investing funds in OPG and will get some shares in OPG. OPG will then go form some type of trust and invest those funds. Clear as mud? Thought so.
In other words, could you please review the docs and do your best to figure it out based on the information provided? If you have any comments or questions on the docs that are worth raising, please let me know.
Thanks,
Sarah

From: Opal Kandelas
Sent: Wednesday, May 31, 2017 9:36 AM
To: Sarah Harris
Subject: FHP
Hi Sarah,
The FHP seems to be taking shape but (as should be reasonably expected) much of the information is coming to me in bits and pieces. Would be good to have a Doc staff familiar with this as more info becomes available or is being developed. It's being kept at a fairly high level at this time, but don't want to be surprised if Documentation is needed to jump in. I've included the emails on the subject to help provide some context – they aren't all helpful though. What I've sent is for review and provide opportunity to comment as well as to ask questions.
Docs for review/comment/question:
Financing Trust- Performance Fee Recommendation
Subordinated Debt Term Sheet
Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1
Term Sheet Master Subscription draft May 26
Provincial Support Agreement May 12 MOF draft comments
Term Sheet – Provincial Support Agreement May 12
Compare Term Sheet Provincial Support Agreement Term Sheet
Thanks,
Opal.

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

From: Carlos Yep []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; John Psinas [John.Psinas@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; 'Montgomery, Kaitlin (MOF)' [Kaitlin.Montgomery@ontario.ca]
Subject: FW: Draft GA Sub debt term sheet - Performance Fee Recommendations
Date: Wednesday, May 31, 2017 09:05:46
Attachment 1: Financing Trust - Performance Fee Recommendation.doc

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fyi

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: RE: Draft GA Sub debt term sheet

Carlos,

Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.

Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY; HAHN PARKER Janet -TREASURY
Subject: Draft GA Sub debt term sheet

Carlos,

Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.

Thanks

Sheen

<< File: Draft Subordianted Debt Term Sheet.doc >>

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FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

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ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

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		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

From: Carlos Yep []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; John Psinas [John.Psinas@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Kaitlin.Montgomery@ontario.ca [Kaitlin.Montgomery@ontario.ca]
Subject: Fwd: Draft GA Sub debt term sheet
Date: Tuesday, May 30, 2017 16:32:25
Attachment 1: Draft Subordianted Debt Term Sheet.doc
Attachment 2: ATT00001.htm

Begin forwarded message:

From: LIU Sheen -TREASURY <sheen.liu@opg.com>
Date: May 30, 2017 at 4:26:00 PM EDT
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, PRESTON Stuart -TREASURY <stuart.preston@opg.com>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com>
Subject: Draft GA Sub debt term sheet

Carlos,

Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.

Thanks

Sheen

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Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

From: Carlos Yep []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
CC: Mike Manning [Mike.Manning@ofina.on.ca]
Subject: FW: OFHP - Outstanding business issues - new note#5 IESO
Date: Tuesday, May 30, 2017 14:27:56
Attachment 1: Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1.docx

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-----Original Message-----
From: Carlos Yep
Sent: Tuesday, May 30, 2017 12:21 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

fyi

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, May 30, 2017 11:28 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

Outstanding Business Issues – Ontario Fair Hydro Plan
Briefing Note

PURPOSE
Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (~~Service and~~ Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA and working towards the development of a term sheet
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - The Province would like to minimize to the extent possible , the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers
   - The Province is considering regulation changes to exempt the income arising as a consequence of the Fair Hydro Plan from PILs
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity
   - **Next Steps:**
     - The Ministries of Finance, OFA and OPG are working together to determine required regulation changes
     - Timing: [Next steps for a decision / when is a decision required / when would these regulation changes occur]

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**

- OPG will require equity injections on a monthly basis in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province
- The Ministry of Energy received appropriation for $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT
- **Next Steps:**
    - The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.
    - Timing: OPG will require the ability to issue equity in July, so mechanics and agreements should be finalized in June

4. Management Fees

- OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
- The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations which are currently in development
- OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements
- **Next Steps:**
    - OPG and OEB will bring forward a recommended framework for developing management fees
    - Timing: For incorporation into regulations being brought forward in June

5. IESO – Increased Credit Facilities

- The OPG financing entity has the right to purchase the regulatory asset from IESO but does not have to purchase it.
- IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
- **Next Steps:**
    - OFA is …..
    - Timing: ……

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From: Carlos Yep []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
Subject: FW: Equity Injection Term Sheet
Date: Tuesday, May 30, 2017 12:16:51
Attachment 1: Term Sheet_Master Subscription_draftMay26.docx

---

fyi

From: Carlos Yep
Sent: Tuesday, May 30, 2017 8:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, May 30, 2017 8:23 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Equity Injection Term Sheet

Thanks Carlos.

In the previous H1 related loans, the Minister of Energy signed the share purchase agreement and the Minister of Finance signed the loan agreement under the authority of an OIC. OFA staff act on behalf of the Minister of Finance in taking certain actions related to the loan. I am not sure that the Minister of Energy can delegate authority under the share purchase agreement for this equity injection (i.e. to make a decision to purchase shares) in the same way that OFA staff would deal with actions under a loan agreement. It may be that if there needs to be some quick turn-around in relation to funding OPG via the equity injection that maybe there might be a services agreement between the OFA and the Ministry of Energy. Perhaps, this only refers to how the money is being flowed and is more of a back-office function, and someone at the Ministry of Energy directs the OFA to take the action.

We will take a look at this term sheet too and provide some comments and questions.

Thanks.

Malle

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: May 30, 2017 7:58 AM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Equity Injection Term Sheet

fyi

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

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Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- The Ministry of Energy will delegate authority to the Ontario Financing Authority to manage the monthly settlement process
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

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Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA~~/Province~~ to OPG

(ii) funds transfer from OFA to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Commented [KC1]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute?

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

From: Malle Hanslep (MOF) []
To: Mike Manning [Mike.Manning@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]; Carlos Yep [Carlos.Yep@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Ronald Kwan [Ronald.Kwan@ofina.on.ca]
CC: Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]
Subject: RE: Provincial Support Term Sheet
Date: Monday, May 29, 2017 12:40:25
Attachment 1: Prov Support Agt May 12 MOF draft comments.docx

---

Hi all,

Here is our issues list.

Malle

From: Hanslep, Malle (MOF)
Sent: May 29, 2017 9:18 AM
To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Support Term Sheet

Hi all,

We are also putting together an issues list for discussion with Energy Legal and Blakes and will share it with you as well.

Is there any type of draft term sheet for the proposed financing transaction itself or the master sales and servicing agreement? Any general description of the proposed transaction would be helpful to us.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: May 26, 2017 3:16 PM
To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: Provincial Support Term Sheet

Hi all,

Further to our meeting on Wednesday, Toby and I have now been in touch with Energy Legal regarding the term sheet and will be attending a meeting with counsel at Blakes next Wednesday morning.

Best,

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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ISSUES LIST – PROVINCIAL SUPPORT AGREEMENT DRAFT MAY 12, 2017

1. Guarantor will be the Minister of Energy and the Minister of Finance on behalf of the Province (see. 5(3) of proposed Fair Hydro Act, 2017).

2. Description of proposed beneficiaries of guarantee is very broad. Provides that beneficiary is Indenture trustee under master trust indenture on behalf of itself and all persons that have claims against a Financing Entity secured under the master trust indenture. Persons range from the Financial Services Manager (OPG) to holders of various types of debt and hedge counterparties. Need to clarify which obligations the Province is being requested to guarantee and under what various agreements to determine scope and limit of guarantee. Is there a term sheet for the proposed financing to be issued by the Financing Entity? Is there a request for a guarantee of payment on other back-up or ancillary borrowing and obligations other than those issued in the market? Is there a draft of the Master Trust Indenture?

3. Why does the term of the guarantee continue for one year after the obligations have been repaid?

4. Performance Guarantee – This is also a very broad guarantee of performance of the IESO and all electricity services providers in favour of the same broad group of beneficiaries. How can the Province ensure that these entities perform their obligations practically? Also the Province is to protect beneficiaries from any commingling risk. It is noted that in the event the performance guarantee is unenforceable against the Province, there would be a separate legal obligation in the provincial support agreement to indemnify beneficiaries for any losses. Would there be any trigger events applicable to the obligation to indemnify as there are for the payment guarantee. If not, is this an issue for accounting treatment purposes? Also, is there an overlap between the performance and payment guarantee? So long as the funding obligations are paid on time by the financing entity, is there a need for other guarantees from the Province? Note that the Province does have immunity from specific types of enforcement under the Proceedings against the Crown Act. Is there a sample term sheet for the Master Sale and Servicing Agreement? Which provisions of the proposed bill are being relied on for this – is it section 5(2)? section 33. There doesn't seem to be a mechanism in the Act to replace the IESO as servicer. Should the Guarantee specify that the Province can appoint a replacement servicer?

5. Payment Guarantee Event – Regarding (B) and (C), the interpretation of when the triggering event has occurred will be an issue – is there a way to make it more objective or how can this be handled if there is a dispute? Regarding (D), think that there is going to be more discussion of the need for this provision from a business perspective. However, is this assuming, that the Province is guaranteeing both long term and short

term funding obligations? Need to clarify when and which obligations the province will be guaranteeing?

6. Payment Guarantee – Again it will be necessary to clarify which obligations the province is guaranteeing to understand what the range of payments to be made are. Also, (y) does not seem acceptable to the Province from a business perspective.

7. Limits under Guarantee – The guarantee wording should be clear so that the Province is guaranteeing payment of certain debt or specific obligations only and the Province's liability should be capped. Province should not be exposed to the risk of any other types of damages or losses.

8. Priority of Payments – Until we know who the beneficiaries are and with respect to what obligations, it is difficult to comment on this.

9. Subrogation – Need to ensure that the Province has appropriate recovery rights and not sure that it is appropriate that all beneficiaries are paid in full before Province gets subrogation rights. Also there is no acceleration here and Province really pays on an ongoing basis so how should subrogation work in such a case.

10. Conditions Precedent – Need to know what they are proposed to be.

11. Representations – Need to know what they are proposed to be as Province does not typically provide representations in connection with guarantees it provides.

12. Confidentiality Obligations – Thought the guarantee is part of a public financing so wouldn't the terms all be known?

13. Legal Opinions – Content, who will be providing them and to whom would they be provided.

General Questions on proposed legislation and interaction with guarantee:

14. General review of relevant sections would be appreciated and how the provisions fit with the requirements of the financing. In particular, s. 5, 13, 19, 21, 22, 33, 41 par 7

Ministry of Finance LSB
May 29, 2017

From: Mike Manning []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date: Tuesday, May 16, 2017 14:55:36
Attachment 1: image001.jpg
Attachment 2: Term Sheet - Provincial Support Agreement - May 12.docx
Attachment 3: Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, May 15, 2017 2:01 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Mike:
Attached is the Dealers latest markup for the Provincial Support Agreement. Their changes center primarily with the Market Disruption.
We can arrange a call to discuss the dealer position.
John
From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Friday, May 12, 2017 6:10 PM
To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; "Benaiah, Ian' (ian.benaiah@rbccm.com)'; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
Subject: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Please find enclosed a revised draft of the Term Sheet for the Provincial Support Agreement.
Regards, Rocco
From: Persaud, Donnie - Debt Capital Markets [mailto:Donnie.Persaud@cibc.com]
Sent: Tuesday, April 25, 2017 6:34 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Innes, Michael <MInnes@osler.com>; Smith, Elliot <ESmith@osler.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq <Shariq.Alvi@cibc.com>; "Benaiah, Ian' (ian.benaiah@rbccm.com)' <ian.benaiah@rbccm.com>; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)' <vickie.turnbull@rbccm.com>; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'

<david.dalbello@rbccm.com>; Milligan, Peter <PMilligan@osler.com>; 'Murray, Tim (tim.murray@rbccm.com)' <tim.murray@rbccm.com>; Khanna, Raj - Corporate Banking <Raj.Khanna@CIBC.ca>; 'Niehaus, Katrina' <Katrina.Niehaus@gs.com>; 'Mullen, Max M.' <Max.Mullen@gs.com>; 'Collins, Patrick J (Patrick.Collins@gs.com)' <Patrick.Collins@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>
Cc: Peric, Christiane <Christiane.Peric@cibc.com>
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Please see attached.
Donnie Persaud | Executive Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto ON M5J 2S8 | Tel: 416-594-7511 | Fax: 416-594-7760 | donnie.persaud@cibc.com

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Tuesday, April 25, 2017 4:54 PM
To: Persaud, Donnie - Debt Capital Markets
Cc: WONG Leslie -LAWDIV; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Donnie:
Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. This draft document reflects the Province initial thoughts. Stu will coordinate this agreement from our end.
John

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CIBC

Provincial Support Agreement Term Sheet

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") on behalf of itself and all other persons having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.

[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee:	Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result.
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) the Legislative Assembly of Ontario repeals the Act; or (B) the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.

Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.

Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Provincial Support Agreement Term Sheet~~—~~

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The ~~trust company acting as~~ indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") ~~acting for the benefit of~~on behalf of itself and all other persons ~~who may have contractual~~having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") ~~(~~including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee~~ and~~, the trustee of the Financing Entity[1]~~)~~ if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2]1 after all ~~Funding Obligations~~funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.
Performance Guarantee:	~~**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under~~Under the Master Sale and Servicing Agreement ~~between IESO, as seller and servicer,~~to be entered into by IESO and the Financing Entity~~, as purchaser~~, **[and OPG as Financial Services Manager]** ("**MSSA**")~~.~~, IESO will have obligations both

[1] ~~We have assumed that the initial Financing Entity will be a trust.~~

[2]1 This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

	as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the ~~Indenture Trustee~~Beneficiaries for any losses that result.
~~**Performance Guarantee Event:**~~	~~A "Servicer Default" occurs under the MSSA[3]~~
~~**Payment Guarantee:**~~	~~**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.~~
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) ~~if~~ the Legislative Assembly of Ontario repeals the Act; or (B) ~~if~~ the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) ~~if~~ a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment

[3] ~~Each Servicer Default will include its own cure period before the event becomes a Servicer Default.~~
[4] ~~To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.~~

	interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.
Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year]** shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid ~~a Beneficiary~~all Beneficiaries in full, to the extent of such ~~payment,~~payments the Guarantor ~~is~~shall be subrogated in and to all the rights of recovery of ~~such~~the Beneficiar~~y~~ies in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all ~~amounts~~indebtedness and obligations owing to ~~a~~the Beneficiar~~y~~ies,

	the Indenture Trustee will acknowledge and agree on behalf of ~~such~~the Beneficiar~~y~~ies that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiar~~y~~ies ha~~s~~ve or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a ~~Performance Guarantee Event or~~ Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~5~~[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

~~5~~[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

From: Sarah Harris
To: LeRoy Ahyee
Cc: Kelly Listoe
Subject: FW: IESO $120MM Note - Interest Payment Schedule
Date: Friday, May 05, 2017 9:28:46 AM
Attachments: image001.png

Hi LeRoy,
As discussed.
Thank you!
Sarah

From: Kelly Listoe
Sent: Friday, May 05, 2017 6:36 AM
To: Sarah Harris
Subject: FW: IESO $120MM Note - Interest Payment Schedule

Hi Sarah
This is what I referred to in my other email from Olga. Is there a system that we can pull the expected interest payments off of? I calculate more owing on the first payment – 1 day of interest on $90MM at 1.7673%, or $4,357.73 more than they show below.
Kelly

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Thursday, May 04, 2017 3:22 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: IESO $120MM Note - Interest Payment Schedule

Hi Kelly, would you be able to confirm if you agree with the interest payment schedule below:

Independent Electricity System Operator (IESO)

OEFC $120MM Corp Note Payable:

Loan Date	Int Pmt Date	Principal Amount	Interest Rate	Int Pmt Amount	Period
01-May-17	30-Jun-17	$ 120,000,000.00	1.7673%	$ 348,618.08	May to Jun
30-Jun-17	01-Jan-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
01-Jan-18	02-Jul-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
02-Jul-18	31-Dec-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
31-Dec-18	01-Jul-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
01-Jul-19	30-Dec-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

Thanks!

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

From: Kelly Listoe
To: Sarah Harris
Subject: FW: IESO $120MM Note - Interest Payment Schedule
Date: Friday, May 05, 2017 6:36:19 AM
Attachments: image001.png

Hi Sarah
This is what I referred to in my other email from Olga. Is there a system that we can pull the expected interest payments off of? I calculate more owing on the first payment – 1 day of interest on $90MM at 1.7673%, or $4,357.73 more than they show below.
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Thanks!

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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Independent Electricity System Operator (IESO)

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30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

From: Kelly Listoe
To: Sarah Harris
Cc: Nurudin Kaba; LeRoy Ahyee
Subject: FW: IESO $120MM Note - Interest Payment Schedule
Date: Friday, May 05, 2017 11:28:24 AM
Attachments: image002.png
image003.png
image004.png
image006.png
image007.png

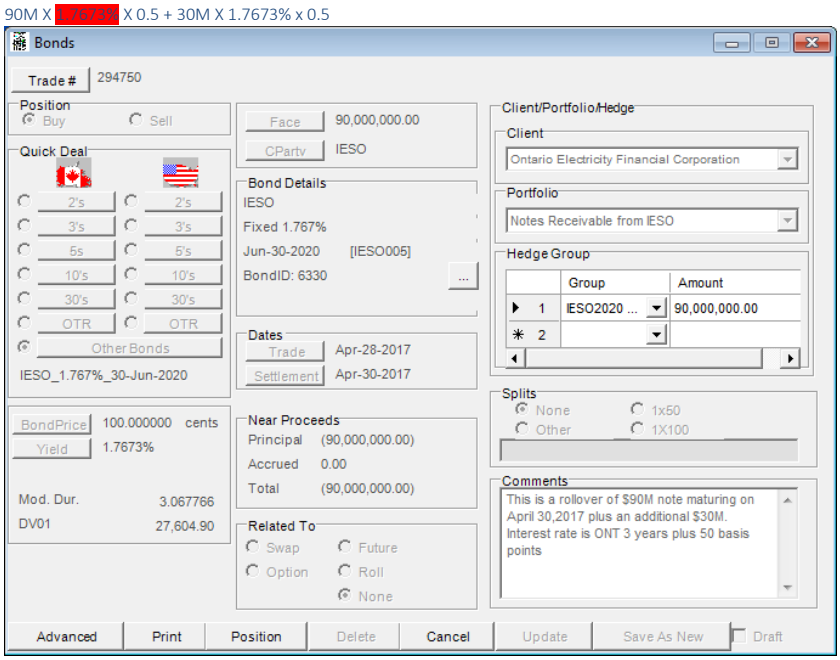
Mystery solved, but should we note use the rate on the note of 1.7673%?
Kelly

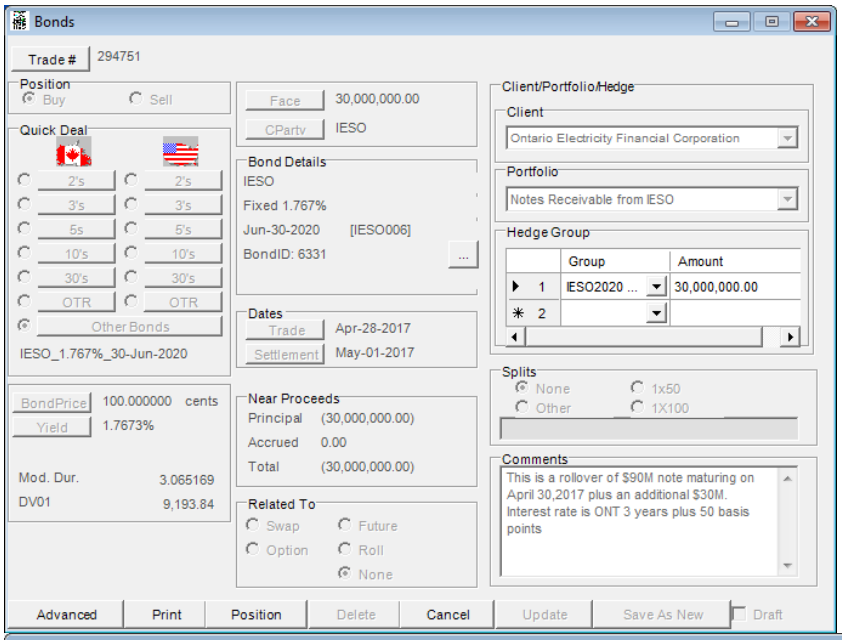
From: Kelly Listoe
Sent: Friday, May 05, 2017 11:27 AM
To: Carlos Yep
Subject: RE: IESO $120MM Note - Interest Payment Schedule

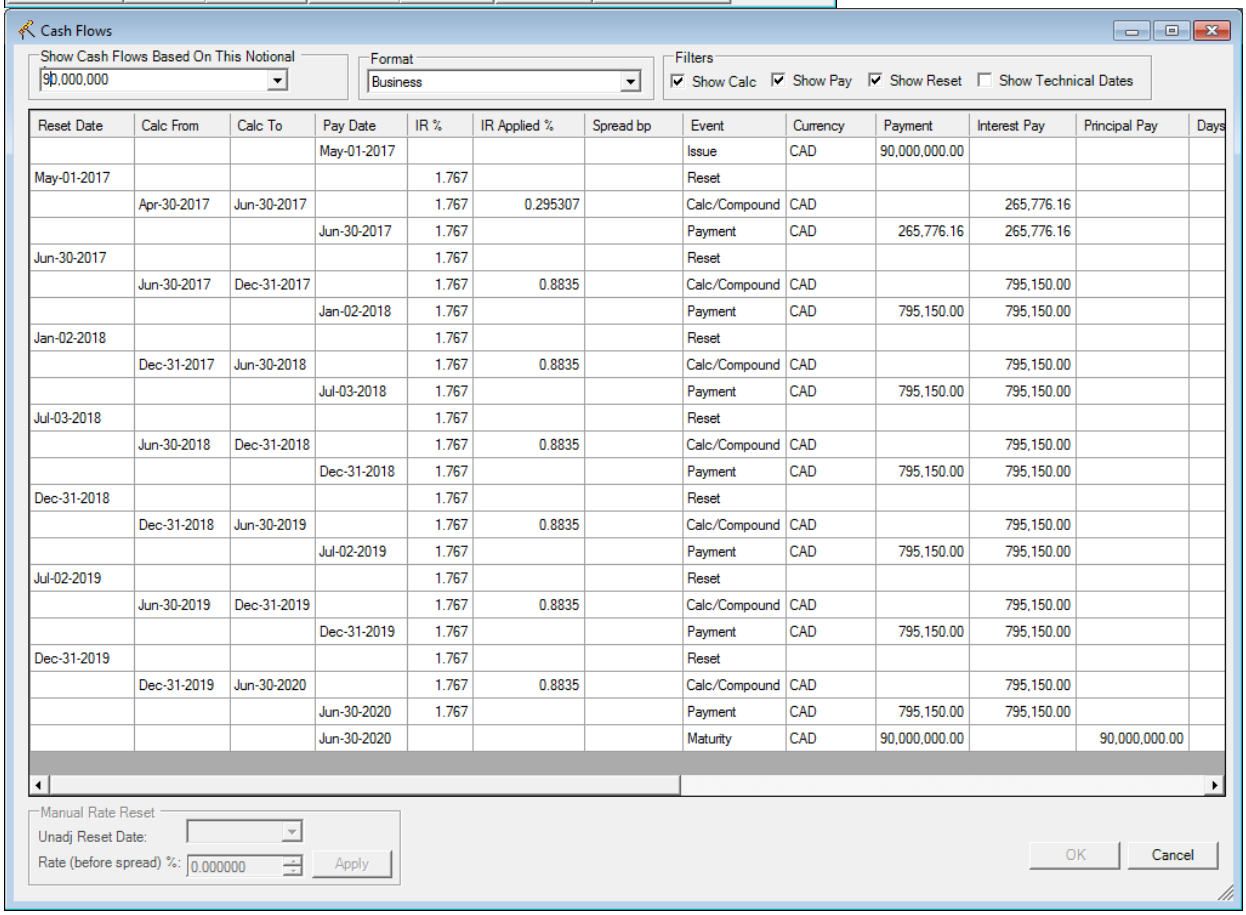
The difference is 1 day of interest plus 1.767% vs 1.7673%. The note has 1.7673% on it.

From: Carlos Yep
Sent: Friday, May 05, 2017 11:26 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule

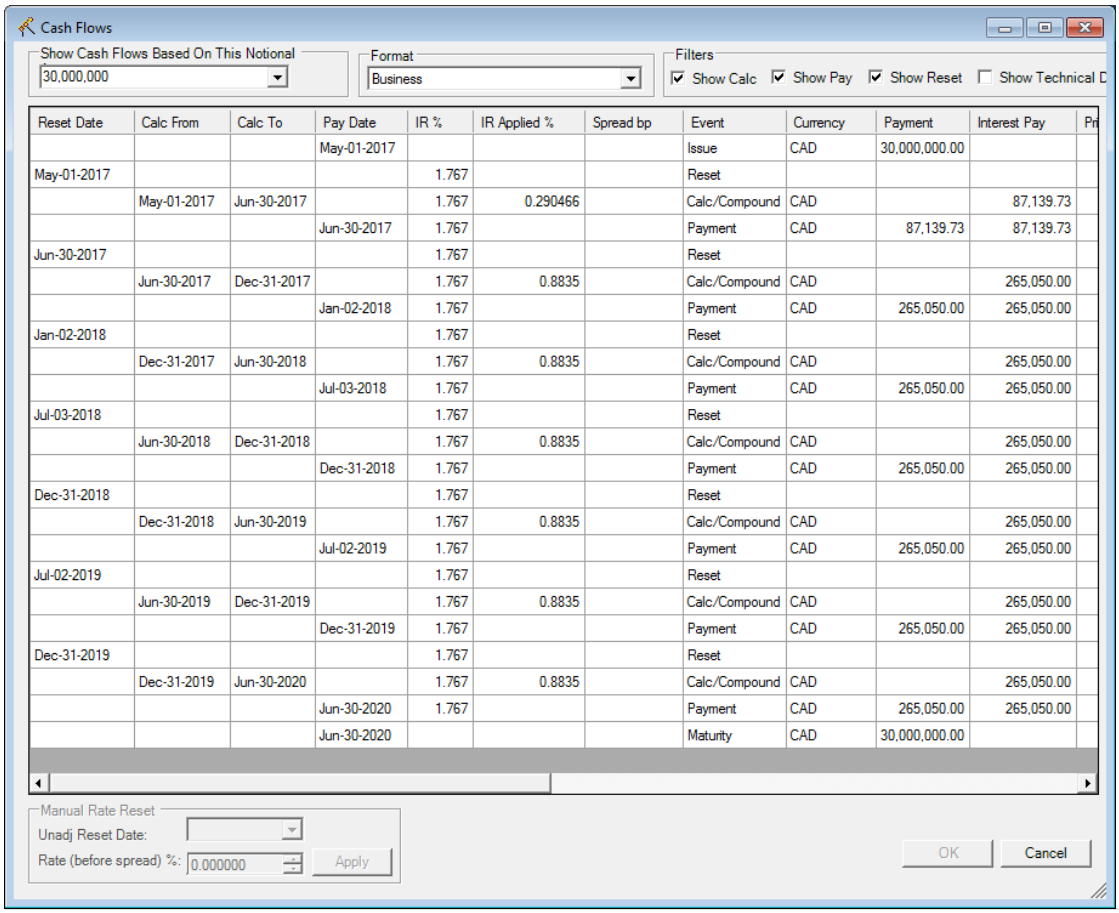
Kelly
Attached are the cashflows and my ITS tickets.
Jun30,2017 $265,776.16 + 87,139.73 = $352.915.89
90M X 1.767% X 61/365 + 30M X 1.767%x60/365
Dec31,2017 $795,150.00 +265,050.00 = $1,060,200
90M X 1.767% X 0.5 + 30M X 1.767% x 0.5
the IESO calculation are different because
(1) using 1.7673% instead of 1.767%
(2)not calculating an extra day on $90M
Jun30,2017 $261,463.56 + 87,154.52 = $348.618.08
90M X 1.7673% X 60/365 + 30M X 1.7673%x60/365
Dec31,2017 $795,285.00 +265,095.00 = $1,060,380
90M X 1.7673% X 0.5 + 30M X 1.7673% x 0.5







Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Principal Pay	Days
			May-01-2017				Issue	CAD	90,000,000.00			
May-01-2017				1.767			Reset					
	Apr-30-2017	Jun-30-2017		1.767	0.295307		Calc/Compound	CAD		265,776.16		
			Jun-30-2017	1.767			Payment	CAD	265,776.16	265,776.16		
Jun-30-2017				1.767			Reset					
	Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jan-02-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Jan-02-2018				1.767			Reset					
	Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jul-03-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Jul-03-2018				1.767			Reset					
	Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Dec-31-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Dec-31-2018				1.767			Reset					
	Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jul-02-2019	1.767			Payment	CAD	795,150.00	795,150.00		
Jul-02-2019				1.767			Reset					
	Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Dec-31-2019	1.767			Payment	CAD	795,150.00	795,150.00		
Dec-31-2019				1.767			Reset					
	Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jun-30-2020	1.767			Payment	CAD	795,150.00	795,150.00		
			Jun-30-2020				Maturity	CAD	90,000,000.00		90,000,000.00	



Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Pr
			May-01-2017				Issue	CAD	30,000,000.00		
May-01-2017				1.767			Reset				
	May-01-2017	Jun-30-2017		1.767	0.290466		Calc/Compound	CAD		87,139.73	
			Jun-30-2017	1.767			Payment	CAD	87,139.73	87,139.73	
Jun-30-2017				1.767			Reset				
	Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jan-02-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jan-02-2018				1.767			Reset				
	Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jul-03-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-03-2018				1.767			Reset				
	Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Dec-31-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2018				1.767			Reset				
	Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jul-02-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-02-2019				1.767			Reset				
	Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Dec-31-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2019				1.767			Reset				
	Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jun-30-2020	1.767			Payment	CAD	265,050.00	265,050.00	
			Jun-30-2020				Maturity	CAD	30,000,000.00		

From: Kelly Listoe
Sent: Thursday, May 04, 2017 3:33 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: IESO $120MM Note - Interest Payment Schedule

Hi Carlos

I received this request from Olga at IESO and I am at home today. Do you have access to the system to verify what this should be (officially)? When I calculate at home on my calculator, it seems a bit out.

Kelly

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Thursday, May 04, 2017 3:22 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: IESO $120MM Note - Interest Payment Schedule

Hi Kelly, would you be able to confirm if you agree with the interest payment schedule below:

Independent Electricity System Operator (IESO)

OEFC $120MM Corp Note Payable:

Loan Date	Int Pmt Date	Principal Amount	Interest Rate	Int Pmt Amount	Period
01-May-17	30-Jun-17	$ 120,000,000.00	1.7673%	$ 348,618.08	May to Jun
30-Jun-17	01-Jan-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
01-Jan-18	02-Jul-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
02-Jul-18	31-Dec-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
31-Dec-18	01-Jul-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
01-Jul-19	30-Dec-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

Thanks!

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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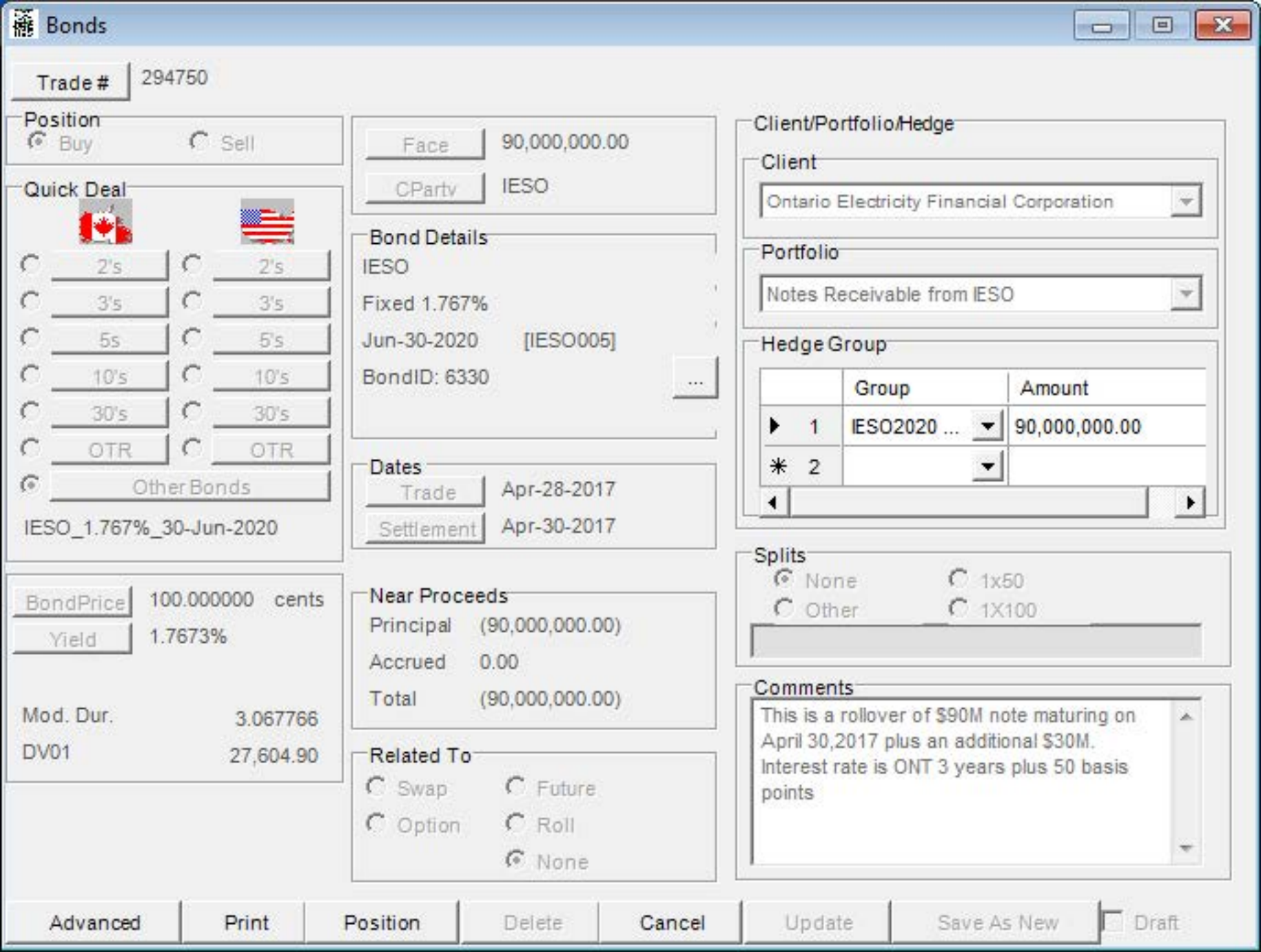
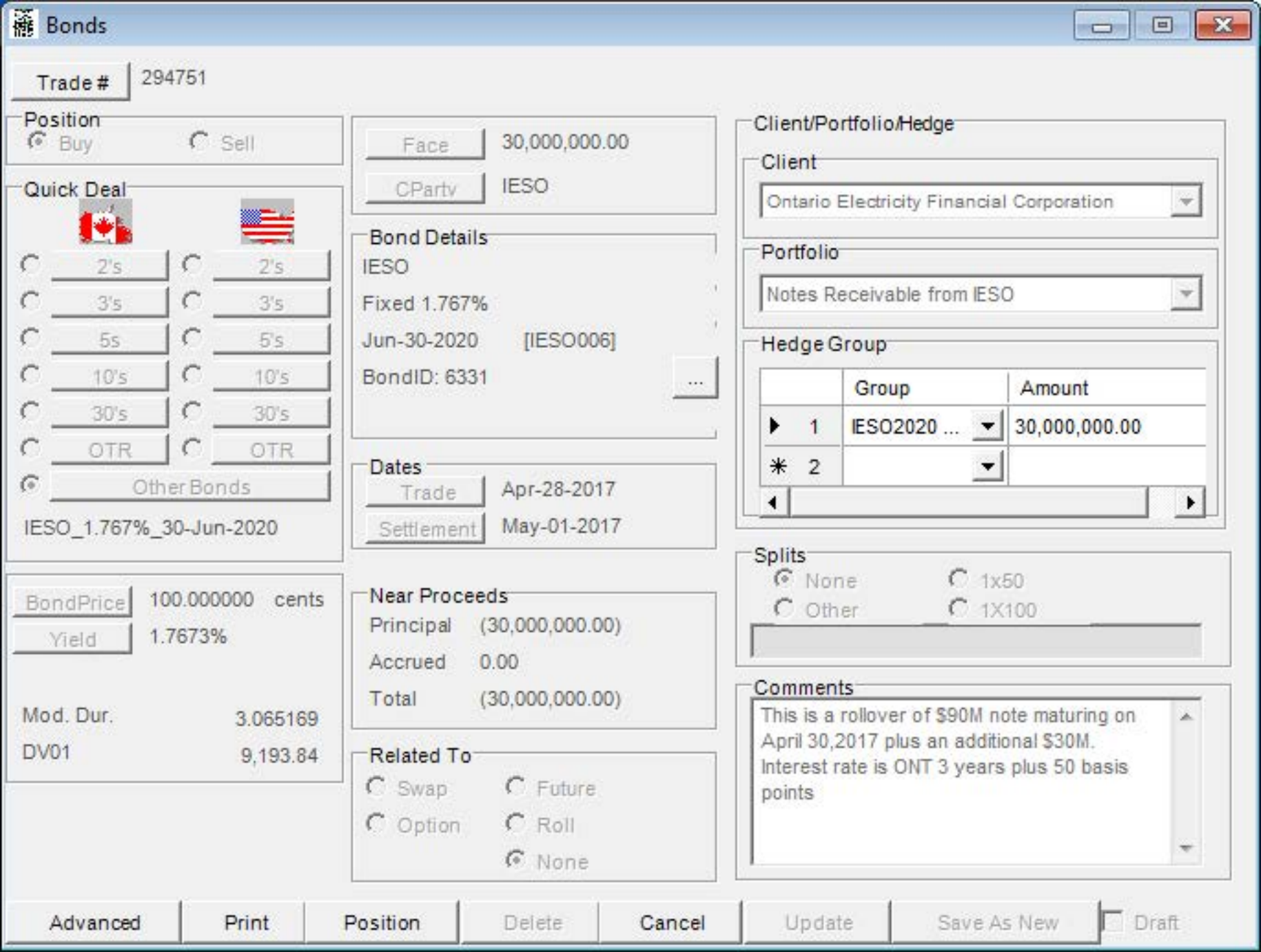
the sender immediately and delete this e-mail message.


Bonds
Trade #
294750
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice
100.000000
cents
Yield
1.7673%
Mod. Dur.
3.067766
DV01
27,604.90
Face
90,000,000.00
CParty
IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020
[IESO005]
BondID: 6330
...
Dates
Trade
Apr-28-2017
Settlement
Apr-30-2017
Near Proceeds
Principal
(90,000,000.00)
Accrued
0.00
Total
(90,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
90,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft


Bonds
Trade #
294751
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice
100.000000
cents
Yield
1.7673%
Mod. Dur.
3.065169
DV01
9,193.84
Face
30,000,000.00
CParty
IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020
[IESO006]
BondID: 6331
...
Dates
Trade
Apr-28-2017
Settlement
May-01-2017
Near Proceeds
Principal
(30,000,000.00)
Accrued
0.00
Total
(30,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
30,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft

Cash Flows

Show Cash Flows Based On This Notional: 90,000,000

Format: Business

Filters: ☑ Show Calc ☑ Show Pay ☑ Show Reset ☐ Show Technical Dates

Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Principal Pay	Days
			May-01-2017				Issue	CAD	90,000,000.00			
May-01-2017				1.767			Reset					
	Apr-30-2017	Jun-30-2017		1.767	0.295307		Calc/Compound	CAD		265,776.16		
			Jun-30-2017	1.767			Payment	CAD	265,776.16	265,776.16		
Jun-30-2017				1.767			Reset					
	Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jan-02-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Jan-02-2018				1.767			Reset					
	Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jul-03-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Jul-03-2018				1.767			Reset					
	Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Dec-31-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Dec-31-2018				1.767			Reset					
	Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jul-02-2019	1.767			Payment	CAD	795,150.00	795,150.00		
Jul-02-2019				1.767			Reset					
	Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Dec-31-2019	1.767			Payment	CAD	795,150.00	795,150.00		
Dec-31-2019				1.767			Reset					
	Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jun-30-2020	1.767			Payment	CAD	795,150.00	795,150.00		
			Jun-30-2020				Maturity	CAD	90,000,000.00		90,000,000.00	

Manual Rate Reset

Unadj Reset Date:

Rate (before spread) %: 0.000000 Apply

OK Cancel

Cash Flows

Show Cash Flows Based On This Notional: 30,000,000

Format: Business

Filters: ☑ Show Calc ☑ Show Pay ☑ Show Reset ☐ Show Technical D

Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Pri
			May-01-2017				Issue	CAD	30,000,000.00		
May-01-2017				1.767			Reset				
	May-01-2017	Jun-30-2017		1.767	0.290466		Calc/Compound	CAD		87,139.73	
			Jun-30-2017	1.767			Payment	CAD	87,139.73	87,139.73	
Jun-30-2017				1.767			Reset				
	Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jan-02-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jan-02-2018				1.767			Reset				
	Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jul-03-2018	1.767			Payment	CAD	265,050.00	265,050.00	
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			Dec-31-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2018				1.767			Reset				
	Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jul-02-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-02-2019				1.767			Reset				
	Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Dec-31-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2019				1.767			Reset				
	Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jun-30-2020	1.767			Payment	CAD	265,050.00	265,050.00	
			Jun-30-2020				Maturity	CAD	30,000,000.00		

Manual Rate Reset

Unadj Reset Date:

Rate (before spread) %: 0.000000 Apply

OK Cancel

Independent Electricity System Operator (IESO)

OEFC $120MM Corp Note Payable:

Loan Date	Int Pmt Date	Principal Amount	Interest Rate	Int Pmt Amount	Period
01-May-17	30-Jun-17	$ 120,000,000.00	1.7673%	$ 348,618.08	May to Jun
30-Jun-17	01-Jan-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
01-Jan-18	02-Jul-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
02-Jul-18	31-Dec-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
31-Dec-18	01-Jul-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
01-Jul-19	30-Dec-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

From: Risa Thau
To: Sarah Harris
Subject: FW: IESO $975M Credit Facility - Notice for Nov 21/16
Date: Monday, November 21, 2016 11:11:20 AM
Attachments: Rollover Notice.pdf

Hi Sarah,
I have a problem in PBFS regarding rolling the IESO line of credit. I have the maturity date of the overall loan facility as November 30, 2016, but IESO is rolling today's maturity to December 21, 2016. Since Lenin isn't here, I don't know who to go to in Documentation regarding looking up the maturity date of the Agreement. Can you please have someone send me a copy of the most recent signed agreement so I can see when the maturity date of the facility is.
Thanks, Risa

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Monday, November 21, 2016 9:34 AM
To: SETTLEMENT ; CASHP
Subject: IESO $975M Credit Facility - Notice for Nov 21/16
Importance: High
For today's advance, please send the funds to IESO RPP account:
Beneficiary: Independent Electricity System Operator
Bank: TD Bank
Bank ID: 0004
Transit Number: 10202
Account Number: 5509622
Thanks!
Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

From: Olga Whiteley
Sent: November 17, 2016 3:35 PM
To: CASHP; SETTLEMENT
Cc: Anthony Martinello
Subject: IESO $975M Credit Facility - Notice for Nov 21/16
Please see attached notice for November 21, 2016 regarding IESO's $975million facility.
Thanks,
Olga.
Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: November 18, 2016

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, Independent Electricity System Operator ("IESO"), refers to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the IESO and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is November 21, 2016
(b) The aggregate amount of the new loan is $80,224,794.60
    i. previous principal amount: $15,431,729.40
    ii. advance: $64,793.065.20
(c) The new Repayment Date applicable to such Advance is December 21, 2016

IESO confirms it will also be paying interest in the amount of $11,022.06

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

*To be confirmed by telephone call to OFA Cash· Management (416) 325-8108.

From:	Sarah Harris
To:	William Tan
Subject:	FW: IESO - Rural or Remote Electricity Rate Protection Variance
Date:	Friday, June 23, 2017 9:21:43 AM

From: Kelly Listoe
Sent: Wednesday, June 21, 2017 10:22 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - Rural or Remote Electricity Rate Protection Variance

They can borrow to manage variances so it should be ok.

Kelly Listoe

Documentation & Compliance Coordinator

Capital Markets

Ontario Financing Authority

1 Dundas Street West, Ste. 1400

Toronto, ON. M7A 1Y7

(416) 325 - 8129

From: Risa Thau
Sent: Wednesday, June 21, 2017 9:32 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - Rural or Remote Electricity Rate Protection Variance

Hi Everyone,

Please note that we had to split the IESO credit facility of $975 mm into two (one for $500 mm and the second for $475 mm) because IESO borrowed under two different projects – (1) Rural or Remote Electricity Rate Protection Variance; and, (2) Regulated Price Plan Variance. The reason for this is limitation is OLMS, the new loans system. We are working on getting this fixed. However, I think we need clarification whether IESO can only borrow under 1 project.

Kelly, can you please let us know if there is an issue with IESO borrowing under two different projects?

Thanks, Risa

From: Kelly Listoe
Sent: Wednesday, June 21, 2017 9:25 AM
To: San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: IESO - Rural or Remote Electricity Rate Protection Variance

Hi San

Currently, there does not appear to be a $475MM facility. There is an OFA – IESO (previously OPA) $975MM facility that has been around for several years. It is in the process of being amended and decreased to $475MM, but this is not yet complete. As such, there is no agreement for a $475MM facility as of now. I sent Risa a copy of the existing $975MM facility a while back. If you want a copy, please let me know.

Regards,

Kelly Listoe

Documentation & Compliance Coordinator

Capital Markets

Ontario Financing Authority

1 Dundas Street West, Ste. 1400

Toronto, ON. M7A 1Y7

(416) 325 - 8129

From: San Rajaratnam
Sent: Tuesday, June 20, 2017 4:14 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: IESO - Rural or Remote Electricity Rate Protection Variance

Hi Kelly,

OFA has provided an advance (LOC) to IESO under a new facility " Rural or Remote Electricity Rate Protection Variance".

If there is a new agreement for this facility could you pls forward us a copy. We require this for presentation in OFA's June 30, 2017 Financial statements.

Thanks

San

From: Risa Thau
Sent: Tuesday, June 20, 2017 2:40 PM
To: 'Olga Whiteley' <Olga.Whiteley@ieso.ca>
Cc: LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Subject: IESO Grid Notes

Hi Olga,

Please find attached the Grid Notes for RRRP and RPP as of June 20, 2017. You will notice that they are in Excel format as I still have to manually calculate them. Our IT department has corrected the Grid Note but the adjustment has not yet been deployed to production. This should be done within the next week. If you need a PDF version of the Grid Notes please let me know and I will send them to you next week.

Thanks, << File: Grid Note for RPP as of June 20, 2017.xls >> << File: Grid Note for RRRP as of June 20, 2017.xls >>

Risa Thau

Manager, Settlements, Payments and Fiscal Agency

Ontario Financing Authority

Phone: 416-325-6879

Fax: 416-204-7945

Mobile: 416-728-9920

From:	Sarah Harris
To:	William Tan
Subject:	FW: IESO - Rural or Remote Electricity Rate Protection Variance
Date:	Friday, June 23, 2017 9:21:16 AM
Attachments:	Grid Note for RPP as of June 20, 2017.xls Grid Note for RRRP as of June 20, 2017.xls

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From: San Rajaratnam
Sent: Tuesday, June 20, 2017 4:14 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: IESO - Rural or Remote Electricity Rate Protection Variance

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Thanks

San

From: Risa Thau
Sent: Tuesday, June 20, 2017 2:40 PM
To: 'Olga Whiteley' <Olga.Whiteley@ieso.ca>
Cc: LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Subject: IESO Grid Notes

Hi Olga,

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Thanks,

Risa Thau

Manager, Settlements, Payments and Fiscal Agency

Ontario Financing Authority

Phone: 416-325-6879

Fax: 416-204-7945

Mobile: 416-728-9920

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Regulated Price Plan Variance
Schedule of loan transa 21-Jul-2017
Loan Limit: 975,000,000.00
Loan Advanced to: 20-Jun-2017

New Loan and/or Rollover

New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31

	Actual Repayment		
Interest Amount	Actual Repayment	Principal	Interest
$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10
$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59
$11,022.06	$11,022.06	$0.00	$11,022.06
$51,431.79	$51,431.79	$0.00	$51,431.79
$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62
$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28
$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76
$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68
$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92
73,796.11	$0.00	$0.00	$0.00

Actual Repayment Date	Actual No. Of Days
19-Sep-2016	31
19-Oct-2016	30
21-Nov-2016	33
21-Dec-2016	30
20-Jan-2017	30
21-Feb-2017	32
21-Mar-2017	28
24-Apr-2017	34
23-May-2017	29
21-Jul-2017	31

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Rural or Remote Electricity Rate Protection Variance
Schedule of loan transa 20-Jun-2017
Loan Limit: 475,000,000.00
Loan Advanced to: 20-Jun-2017

New Loan and/or Rollover

New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31

	Actual Repayment		
Interest Amount	Actual Repayment	Principal	Interest
$842.02	$842.02	$0.00	$842.02
2,950.27	$0.00	$0.00	$0.00

Actual Repayment Date	Actual No. Of Days
20-Jun-2017	33
21-Jul-2017	31

From:	Sarah Harris
To:	William Tan
Subject:	FW: IESO - Rural or Remote Electricity Rate Protection Variance
Date:	Friday, June 23, 2017 9:21:16 AM
Attachments:	Grid Note for RPP as of June 20, 2017.xls Grid Note for RRRP as of June 20, 2017.xls

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From: San Rajaratnam
Sent: Tuesday, June 20, 2017 4:14 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: IESO - Rural or Remote Electricity Rate Protection Variance

Hi Kelly,

OFA has provided an advance (LOC) to IESO under a new facility " Rural or Remote Electricity Rate Protection Variance".

If there is a new agreement for this facility could you pls forward us a copy. We require this for presentation in OFA's June 30, 2017 Financial statements.

Thanks

San

From: Risa Thau
Sent: Tuesday, June 20, 2017 2:40 PM
To: 'Olga Whiteley' <Olga.Whiteley@ieso.ca>
Cc: LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Subject: IESO Grid Notes

Hi Olga,

Please find attached the Grid Notes for RRRP and RPP as of June 20, 2017. You will notice that they are in Excel format as I still have to manually calculate them. Our IT department has corrected the Grid Note but the adjustment has not yet been deployed to production. This should be done within the next week. If you need a PDF version of the Grid Notes please let me know and I will send them to you next week.

Thanks,

Risa Thau

Manager, Settlements, Payments and Fiscal Agency

Ontario Financing Authority

Phone: 416-325-6879

Fax: 416-204-7945

Mobile: 416-728-9920

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Regulated Price Plan Variance
Schedule of loan transa 21-Jul-2017
Loan Limit: 975,000,000.00
Loan Advanced to: 20-Jun-2017

New Loan and/or Rollover

New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31

	Actual Repayment		
Interest Amount	Actual Repayment	Principal	Interest
$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10
$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59
$11,022.06	$11,022.06	$0.00	$11,022.06
$51,431.79	$51,431.79	$0.00	$51,431.79
$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62
$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28
$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76
$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68
$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92
73,796.11	$0.00	$0.00	$0.00

Actual Repayment Date	Actual No. Of Days
19-Sep-2016	31
19-Oct-2016	30
21-Nov-2016	33
21-Dec-2016	30
20-Jan-2017	30
21-Feb-2017	32
21-Mar-2017	28
24-Apr-2017	34
23-May-2017	29
21-Jul-2017	31

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Rural or Remote Electricity Rate Protection Variance
Schedule of loan transa 20-Jun-2017
Loan Limit: 475,000,000.00
Loan Advanced to: 20-Jun-2017

New Loan and/or Rollover

New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31

	Actual Repayment		
Interest Amount	Actual Repayment	Principal	Interest
$842.02	$842.02	$0.00	$842.02
2,950.27	$0.00	$0.00	$0.00

Actual Repayment Date	Actual No. Of Days
20-Jun-2017	33
21-Jul-2017	31

From:	Sarah Harris
To:	William Tan
Subject:	FW: IESO - Rural or Remote Electricity Rate Protection Variance
Date:	Friday, June 23, 2017 9:21:43 AM

From: Kelly Listoe
Sent: Wednesday, June 21, 2017 10:22 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - Rural or Remote Electricity Rate Protection Variance

They can borrow to manage variances so it should be ok.

Kelly Listoe

Documentation & Compliance Coordinator

Capital Markets

Ontario Financing Authority

1 Dundas Street West, Ste. 1400

Toronto, ON. M7A 1Y7

(416) 325 - 8129

From: Risa Thau
Sent: Wednesday, June 21, 2017 9:32 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - Rural or Remote Electricity Rate Protection Variance

Hi Everyone,

Please note that we had to split the IESO credit facility of $975 mm into two (one for $500 mm and the second for $475 mm) because IESO borrowed under two different projects – (1) Rural or Remote Electricity Rate Protection Variance; and, (2) Regulated Price Plan Variance. The reason for this is limitation is OLMS, the new loans system. We are working on getting this fixed. However, I think we need clarification whether IESO can only borrow under 1 project.

Kelly, can you please let us know if there is an issue with IESO borrowing under two different projects?

Thanks, Risa

From: Kelly Listoe
Sent: Wednesday, June 21, 2017 9:25 AM
To: San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: IESO - Rural or Remote Electricity Rate Protection Variance

Hi San

Currently, there does not appear to be a $475MM facility. There is an OFA – IESO (previously OPA) $975MM facility that has been around for several years. It is in the process of being amended and decreased to $475MM, but this is not yet complete. As such, there is no agreement for a $475MM facility as of now. I sent Risa a copy of the existing $975MM facility a while back. If you want a copy, please let me know.

Regards,

Kelly Listoe

Documentation & Compliance Coordinator

Capital Markets

Ontario Financing Authority

1 Dundas Street West, Ste. 1400

Toronto, ON. M7A 1Y7

(416) 325 - 8129

From: San Rajaratnam
Sent: Tuesday, June 20, 2017 4:14 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: IESO - Rural or Remote Electricity Rate Protection Variance

Hi Kelly,

OFA has provided an advance (LOC) to IESO under a new facility " Rural or Remote Electricity Rate Protection Variance".

If there is a new agreement for this facility could you pls forward us a copy. We require this for presentation in OFA's June 30, 2017 Financial statements.

Thanks

San

From: Risa Thau
Sent: Tuesday, June 20, 2017 2:40 PM
To: 'Olga Whiteley' <Olga.Whiteley@ieso.ca>
Cc: LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Subject: IESO Grid Notes

Hi Olga,

Please find attached the Grid Notes for RRRP and RPP as of June 20, 2017. You will notice that they are in Excel format as I still have to manually calculate them. Our IT department has corrected the Grid Note but the adjustment has not yet been deployed to production. This should be done within the next week. If you need a PDF version of the Grid Notes please let me know and I will send them to you next week.

Thanks, << File: Grid Note for RPP as of June 20, 2017.xls >> << File: Grid Note for RRRP as of June 20, 2017.xls >>

Risa Thau

Manager, Settlements, Payments and Fiscal Agency

Ontario Financing Authority

Phone: 416-325-6879

Fax: 416-204-7945

Mobile: 416-728-9920

From:	Sarah Harris
To:	Lisa Stein
Cc:	Kelly Listoe
Subject:	FW: IESO Amended Note Facility Agreement
Date:	Thursday, April 27, 2017 12:04:58 PM
Attachments:	IESO Amending Agreement No 6 to change $90 M note OFA Legal Comments Doc(3).doc

To discuss

From: Kelly Listoe
Sent: Thursday, April 27, 2017 12:01 PM
To: Sarah Harris
Subject: IESO Amended Note Facility Agreement
Hi Sarah – please find attached a draft of subject.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures, provided IESO is authorized to borrow funds for such purpose. The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

The interest rate shall be set on May 1, 2017 with interest accruing on Part A commencing on April 30, 2017 and on Part B commencing on May 1, 2017.

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note and the additional $30 million advanced to IESO pursuant to section 1a.1 of this Agreement, for a total aggregate principal amount of $120 million.

Section 2.17 Interest on Fifth Refinancing Note

Interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments

on June 30 and December 31(each an “Interest Payment Date”), provided however that the amount of the first such interest payment for the Fifth Refinancing Note shall be calculated in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**”**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to “this Agreement” and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either “the Note” or “the New Note” and each reference to either “the Note” or “the New Note” in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This amending agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This amending agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million, whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million, whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of

interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	Sarah Harris
To:	Kelly Listoe
Subject:	FW: IESO Amendments
Date:	Friday, April 28, 2017 3:49:41 PM
Attachments:	Incumbency Certificate - Executed.pdf
Importance:	High

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 3:34 PM
To: Sarah Harris
Subject: FW: IESO Amendments
Importance: High

Sorry Sarah – the original bounced back due to an error I made in your address – see my message below.
Victor

From: Victor Buza
Sent: April 28, 2017 3:32 PM
To: 'Kelly Listoe'
Cc: 'sarah.harris@ofina.ca'
Subject: RE: IESO Amendments
Importance: High

Please find attached the executed Incumbency Certificate. Unfortunately, I was in a meeting when our GC/Corporate Secretary arrived briefly on premises to sign the documents, and the Certified Resolution was inadvertently not signed, and he is no longer at our site. If it's ok with you, I will arrange to have the Resolution signed on Monday. Please let me know if that would be a problem. I can confirm as counsel that the form of the Resolution was agreed between me and him yesterday.
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 2:00 PM
To: Victor Buza
Subject: RE: IESO Amendments

Hi Victor
Attached are the executed pages from the 2 facilities signed by Mike Manning.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:51 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly and Sarah - Attached are pdfs of the signed Agreements and Notes. I am just waiting for our GC/Corp Secretary to arrive to sign the Incumbency Cert and Certified Resolution, but will forward those as soon as available. I thought you should have the Agreements and Notes asap in case you need to transact before a certain hour this afternoon.

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:32 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, April 28, 2017 1:31 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: RE: IESO Amendments

I will send scanned copies as soon as available.

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,

We can sign in counterparts.

Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.

Thanks,

Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, April 28, 2017 1:24 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: RE: IESO Amendments

FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.

Thanks,

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,

Single sided would be the preference, please.

Thanks,

Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, April 28, 2017 12:31 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements

Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments

See attached. All is good.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Here are (hopefully) my final comments on the Agreements:

1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word "be" in the Note for correct grammar (it was in the main body language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.
2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks

Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments

Hi Victor

I am resending these. They are ok on my screen.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator

Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.

Thanks

Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7

416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets | LinkedIn: IESO

[twitter.com][na01.safelinks.protection.outlook.com] [linkedin.com] [na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
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1 Dundas Street West, Ste. 1400
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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
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Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
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INCUMBENCY CERTIFICATE

To: Ontario Electricity Financial Corporation

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated March 1, 2017, Kimberly Marshall has the authority to execute the amending agreements providing for the renewal and amendment of the two credit facilities expiring April 2017 between IESO and the Ontario Electricity Financial Corporation.

3. The following is the genuine signature of the following individual:

Kimberly Marshall K Marshall

DATED this 28 day of April, 2017.

John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 28 day of April, 2017.

K Marshall
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

From:	Kelly Listoe
To:	Sarah Harris
Subject:	FW: IESO Amendments
Date:	Thursday, April 27, 2017 3:31:30 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27.doc $120MMNoteIESOBlacklineApr27IESOLegal.docx Certified Extract of March 1 2017 Resolution of Directors of IESO re Renewal of OEFC Facilities.docx
Importance:	High

I've reviewed these and they look fine to me. The last part of his 2nd question – can't he just do this himself?
Let's discuss.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
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1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
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Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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Kelly Listoe
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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

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AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

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1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

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   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

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by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~ . The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifrth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the amount of the first such interest payment for the Fifth Refinancing Note shall be calculated in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This amending agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This amending agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million, whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million, whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the amount of the first such interest payment for the Fifth

Refinancing Note shall be calculated in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

Formatted: Justified

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

Resolution of the Board of Directors

Independent Electricity System Operator

March 1, 2017

In Respect of the Renewal of the Two Credit Facilities with the Ontario Electricity Financial Corporation Expiring April 2017

" BE IT RESOLVED THAT the renewal of the existing … credit facilities expiring in April 2017:

- …
- note payable with the Ontario Electricity Financial Corporation
- credit facility with the Ontario Electricity Financial Corporation

be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facilities. **"**

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on March 1, 2017.

John M. Rattray, General Counsel, Secretary and Chief Reliability Officer

April 28, 2017

From:	Kelly Listoe
To:	Sarah Harris
Subject:	FW: IESO Amendments
Date:	Thursday, April 27, 2017 3:31:30 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27.doc $120MMNoteIESOBlacklineApr27IESOLegal.docx Certified Extract of March 1 2017 Resolution of Directors of IESO re Renewal of OEFC Facilities.docx
Importance:	High

I've reviewed these and they look fine to me. The last part of his 2nd question – can't he just do this himself?
Let's discuss.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~ . The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifrth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the amount of the first such interest payment for the Fifth Refinancing Note shall be calculated in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This amending agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This amending agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million, whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million, whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the amount of the first such interest payment for the Fifth

Refinancing Note shall be calculated in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

Formatted: Justified

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

Resolution of the Board of Directors

Independent Electricity System Operator

March 1, 2017

In Respect of the Renewal of the Two Credit Facilities with the Ontario Electricity Financial Corporation Expiring April 2017

" BE IT RESOLVED THAT the renewal of the existing … credit facilities expiring in April 2017:

- …
- note payable with the Ontario Electricity Financial Corporation
- credit facility with the Ontario Electricity Financial Corporation

be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facilities. **"**

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on March 1, 2017.

John M. Rattray, General Counsel, Secretary and Chief Reliability Officer

April 28, 2017

From:	Lisa Stein
To:	Kelly Listoe; Sarah Harris
Subject:	FW: IESO Amendments
Date:	Thursday, April 27, 2017 2:57:41 PM
Attachments:	Certified Extract of Resolution of Directors re OEFC Facilities, March 1 2017.docx Incumbency Certificate - re OEFC Facilities - April 2017.doc

---

The resolution incorrectly refers to OEFC as "Ontario Electricity Financing Corporation".

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe
Cc: Sarah Harris ; Lisa Stein
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor

416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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Resolution of the Board of Directors

Independent Electricity System Operator

March 1, 2017

In Respect of the Renewal of the Two Credit Facilities with the Ontario Electricity Financing Corporation Expiring April 2017

" BE IT RESOLVED THAT the renewal of the existing … credit facilities expiring in April 2017:

- …
- note payable with the Ontario Electricity Financial Corporation
- credit facility with the Ontario Electricity Financial Corporation

be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facilities. **"**

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on March 1, 2017.

John M. Rattray, General Counsel, Secretary and Chief Reliability Officer

April 28, 2017

DRAFT

INCUMBENCY CERTIFICATE

To: Ontario Electricity Financial Corporation

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated March 1, 2017, Kimberly Marshall has the authority to execute the amending agreements providing for the renewal and amendment of the two credit facilities expiring April 2017 between IESO and the Ontario Electricity Financial Corporation.

3. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this _____ day of April, 2017.

_____

John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this _____ day of April, 2017.

_____

Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

DRAFT

From: Kelly Listoe
To: "Victor Buza"
Cc: Sarah Harris
Subject: FW: IESO Amendments
Date: Thursday, April 27, 2017 12:05:03 PM

Hi Victor:
Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza ; Kelly Listoe
Subject: FW: IESO Amendments
Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments
Hi Anthony
I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any

dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From:	Victor Buza
To:	Sarah Harris
Subject:	FW: IESO Amendments
Date:	Friday, April 28, 2017 3:34:14 PM
Attachments:	Incumbency Certificate - Executed.pdf
Importance:	High

Sorry Sarah – the original bounced back due to an error I made in your address – see my message below.
Victor

From: Victor Buza
Sent: April 28, 2017 3:32 PM
To: 'Kelly Listoe'
Cc: 'sarah.harris@ofina.ca'
Subject: RE: IESO Amendments
Importance: High

Please find attached the executed Incumbency Certificate. Unfortunately, I was in a meeting when our GC/Corporate Secretary arrived briefly on premises to sign the documents, and the Certified Resolution was inadvertently not signed, and he is no longer at our site. If it's ok with you, I will arrange to have the Resolution signed on Monday. Please let me know if that would be a problem. I can confirm as counsel that the form of the Resolution was agreed between me and him yesterday.
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 2:00 PM
To: Victor Buza
Subject: RE: IESO Amendments

Hi Victor
Attached are the executed pages from the 2 facilities signed by Mike Manning.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:51 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly and Sarah - Attached are pdfs of the signed Agreements and Notes. I am just waiting for our GC/Corp Secretary to arrive to sign the Incumbency Cert and Certified Resolution, but will forward those as soon as available. I thought you should have the Agreements and Notes asap in case you need to transact before a certain hour this afternoon.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:32 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

I will send scanned copies as soon as available.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,
We can sign in counterparts.
Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.
Thanks,
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,
Single sided would be the preference, please.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 12:31 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments

See attached. All is good.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

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1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word “be” in the Note for correct grammar (it was in the main body language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.
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Thanks
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Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments

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Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

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From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza

Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments
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Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
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3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
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Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
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Toronto, ON. M7A 1Y7
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To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor

416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for

execution? We are working on language to cover off the 2 components of the “new” $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments
Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments
Hi Anthony
I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
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INCUMBENCY CERTIFICATE

To: Ontario Electricity Financial Corporation

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated March 1, 2017, Kimberly Marshall has the authority to execute the amending agreements providing for the renewal and amendment of the two credit facilities expiring April 2017 between IESO and the Ontario Electricity Financial Corporation.

3. The following is the genuine signature of the following individual:

Kimberly Marshall K Marshall

DATED this 28 day of April, 2017.

John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 28 day of April, 2017.

K Marshall
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

From:	Victor Buza
To:	Sarah Harris
Subject:	FW: IESO Amendments
Date:	Friday, April 28, 2017 3:34:14 PM
Attachments:	Incumbency Certificate - Executed.pdf
Importance:	High

Sorry Sarah – the original bounced back due to an error I made in your address – see my message below.
Victor

From: Victor Buza
Sent: April 28, 2017 3:32 PM
To: 'Kelly Listoe'
Cc: 'sarah.harris@ofina.ca'
Subject: RE: IESO Amendments
Importance: High

Please find attached the executed Incumbency Certificate. Unfortunately, I was in a meeting when our GC/Corporate Secretary arrived briefly on premises to sign the documents, and the Certified Resolution was inadvertently not signed, and he is no longer at our site. If it's ok with you, I will arrange to have the Resolution signed on Monday. Please let me know if that would be a problem. I can confirm as counsel that the form of the Resolution was agreed between me and him yesterday.
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 2:00 PM
To: Victor Buza
Subject: RE: IESO Amendments

Hi Victor
Attached are the executed pages from the 2 facilities signed by Mike Manning.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:51 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly and Sarah - Attached are pdfs of the signed Agreements and Notes. I am just waiting for our GC/Corp Secretary to arrive to sign the Incumbency Cert and Certified Resolution, but will forward those as soon as available. I thought you should have the Agreements and Notes asap in case you need to transact before a certain hour this afternoon.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:32 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

I will send scanned copies as soon as available.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,
We can sign in counterparts.
Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.
Thanks,
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,
Single sided would be the preference, please.
Thanks,
Sarah

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Victor Buza | Senior Counsel
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1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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INCUMBENCY CERTIFICATE

To: Ontario Electricity Financial Corporation

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated March 1, 2017, Kimberly Marshall has the authority to execute the amending agreements providing for the renewal and amendment of the two credit facilities expiring April 2017 between IESO and the Ontario Electricity Financial Corporation.

3. The following is the genuine signature of the following individual:

Kimberly Marshall K Marshall

DATED this 28 day of April, 2017.

John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 28 day of April, 2017.

K Marshall
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

From:	Sarah Harris
To:	Lisa Stein
Cc:	Kelly Listoe
Subject:	FW: IESO Amendments
Date:	Friday, April 28, 2017 11:13:55 AM
Attachments:	$120MMNoteIESOBlacklineApr27IESOLegal-rev_rev2.docx

HI Lisa,
Victor has signed off on the agreements, with the small formatting/corrective changes per 1. Below. The last draft is attached. Kelly is arranging for execution in counterparts. Hurrah!
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe
Cc: Sarah Harris
Subject: RE: IESO Amendments

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Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments

Hi Victor
I am resending these. They are ok on my screen.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

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Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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sarah.harris@ofina.on.ca

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Subject: FW: IESO Amendments

Importance: High

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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

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(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

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" **Section 2.16 Fifth Refinancing Note**

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Amending Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017 .

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This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	Sarah Harris
To:	Lisa Stein
Cc:	Kelly Listoe
Subject:	FW: IESO Amendments
Date:	Friday, April 28, 2017 11:13:55 AM
Attachments:	$120MMNoteIESOBlacklineApr27IESOLegal-rev_rev2.docx

HI Lisa,
Victor has signed off on the agreements, with the small formatting/corrective changes per 1. Below. The last draft is attached. Kelly is arranging for execution in counterparts. Hurrah!
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AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

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(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

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" **Section 2.16 Fifth Refinancing Note**

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Amending Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017 .

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From: Kelly Listoe
To: Sarah Harris
Subject: FW: IESO Amendments
Date: Friday, April 28, 2017 9:35:14 AM

Fyi…
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Kelly Listoe
Sent: Friday, April 28, 2017 9:34 AM
To: 'Victor Buza'
Subject: RE: IESO Amendments

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Documentation & Compliance Coordinator
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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 9:33 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

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Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Cc: Kelly Listoe; Lisa Stein
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Thanks,

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Manager, Operations
Capital Markets Division
Ontario Financing Authority

1 Dundas Street West, Suite 1400
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416-325-8193
sarah.harris@ofina.on.ca

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Subject: FW: IESO Amendments
Importance: High

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Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

1600-120 Adelaide Street West, Toronto, ON M5H 1T1
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416-969-6079

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Subject: FW: IESO Amendments

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
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Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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From:	Sarah Harris
To:	Lisa Stein
Subject:	FW: IESO Amendments
Date:	Thursday, April 27, 2017 3:42:54 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27.doc $120MMNoteIESOBlacklineApr27IESOLegal.docx Certified Extract of March 1 2017 Resolution of Directors of IESO re Renewal of OEFC Facilities.docx
Importance:	High

Hi Lisa,

Here are Victor's comments. I'm coming down so can wrap up tonight.

Sarah

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris
Subject: FW: IESO Amendments
Importance: High

I've reviewed these and they look fine to me. The last part of his 2nd question – can't he just do this himself?

Let's discuss.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the

name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor

416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for

execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
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Subject: IESO Amendments

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

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AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

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   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

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Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

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Principal Amount: Up to $160,000,000 Date: 30 April, 2017

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The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~ . The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifrth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the amount of the first such interest payment for the Fifth Refinancing Note shall be calculated in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This amending agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This amending agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million, whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million, whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the amount of the first such interest payment for the Fifth

Refinancing Note shall be calculated in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

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This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

Resolution of the Board of Directors

Independent Electricity System Operator

March 1, 2017

In Respect of the Renewal of the Two Credit Facilities with the Ontario Electricity Financial Corporation Expiring April 2017

" BE IT RESOLVED THAT the renewal of the existing … credit facilities expiring in April 2017:

- …
- note payable with the Ontario Electricity Financial Corporation
- credit facility with the Ontario Electricity Financial Corporation

be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facilities. **"**

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on March 1, 2017.

John M. Rattray, General Counsel, Secretary and Chief Reliability Officer

April 28, 2017

From:	Sarah Harris
To:	Lisa Stein
Subject:	FW: IESO Amendments
Date:	Thursday, April 27, 2017 3:42:54 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27.doc $120MMNoteIESOBlacklineApr27IESOLegal.docx Certified Extract of March 1 2017 Resolution of Directors of IESO re Renewal of OEFC Facilities.docx
Importance:	High

Hi Lisa,

Here are Victor's comments. I'm coming down so can wrap up tonight.

Sarah

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris
Subject: FW: IESO Amendments
Importance: High

I've reviewed these and they look fine to me. The last part of his 2nd question – can't he just do this himself?

Let's discuss.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the

name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor

416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for

execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

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2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

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Section 2.4 Mandatory Repayment.

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Section 3.1 Advances.

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6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~ . The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifrth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the amount of the first such interest payment for the Fifth Refinancing Note shall be calculated in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This amending agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This amending agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million, whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million, whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the amount of the first such interest payment for the Fifth

Refinancing Note shall be calculated in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

Formatted: Justified

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

Resolution of the Board of Directors

Independent Electricity System Operator

March 1, 2017

In Respect of the Renewal of the Two Credit Facilities with the Ontario Electricity Financial Corporation Expiring April 2017

" BE IT RESOLVED THAT the renewal of the existing … credit facilities expiring in April 2017:

- …
- note payable with the Ontario Electricity Financial Corporation
- credit facility with the Ontario Electricity Financial Corporation

be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facilities. **"**

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on March 1, 2017.

John M. Rattray, General Counsel, Secretary and Chief Reliability Officer

April 28, 2017

From:	Sarah Harris
To:	Kelly Listoe
Subject:	FW: IESO Amendments
Date:	Friday, April 28, 2017 3:49:41 PM
Attachments:	Incumbency Certificate - Executed.pdf
Importance:	High

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 3:34 PM
To: Sarah Harris
Subject: FW: IESO Amendments
Importance: High

Sorry Sarah – the original bounced back due to an error I made in your address – see my message below.
Victor

From: Victor Buza
Sent: April 28, 2017 3:32 PM
To: 'Kelly Listoe'
Cc: 'sarah.harris@ofina.ca'
Subject: RE: IESO Amendments
Importance: High

Please find attached the executed Incumbency Certificate. Unfortunately, I was in a meeting when our GC/Corporate Secretary arrived briefly on premises to sign the documents, and the Certified Resolution was inadvertently not signed, and he is no longer at our site. If it's ok with you, I will arrange to have the Resolution signed on Monday. Please let me know if that would be a problem. I can confirm as counsel that the form of the Resolution was agreed between me and him yesterday.
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 2:00 PM
To: Victor Buza
Subject: RE: IESO Amendments

Hi Victor
Attached are the executed pages from the 2 facilities signed by Mike Manning.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:51 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly and Sarah - Attached are pdfs of the signed Agreements and Notes. I am just waiting for our GC/Corp Secretary to arrive to sign the Incumbency Cert and Certified Resolution, but will forward those as soon as available. I thought you should have the Agreements and Notes asap in case you need to transact before a certain hour this afternoon.

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:32 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, April 28, 2017 1:31 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: RE: IESO Amendments

I will send scanned copies as soon as available.

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,

We can sign in counterparts.

Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.

Thanks,

Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, April 28, 2017 1:24 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: RE: IESO Amendments

FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.

Thanks,

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,

Single sided would be the preference, please.

Thanks,

Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, April 28, 2017 12:31 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements

Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments

See attached. All is good.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Here are (hopefully) my final comments on the Agreements:

1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word "be" in the Note for correct grammar (it was in the main body language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.
2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks

Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments

Hi Victor

I am resending these. They are ok on my screen.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator

Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.

Thanks

Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7

416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets | LinkedIn: IESO

[twitter.com][na01.safelinks.protection.outlook.com] [linkedin.com] [na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400

Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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INCUMBENCY CERTIFICATE

To: Ontario Electricity Financial Corporation

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated March 1, 2017, Kimberly Marshall has the authority to execute the amending agreements providing for the renewal and amendment of the two credit facilities expiring April 2017 between IESO and the Ontario Electricity Financial Corporation.

3. The following is the genuine signature of the following individual:

Kimberly Marshall K Marshall

DATED this 28 day of April, 2017.

John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 28 day of April, 2017.

K Marshall
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

From: William Tan
To: Sarah Harris
Subject: FW: IESO DIRECTIVE decrease line of credit.docx
Date: Friday, June 23, 2017 2:19:41 PM
Attachments: image001.png
image002.png

Hi Sarah,

I read your emails in regards to Settlements manual calculation. I think I understand the system limitation. Is it reasonable to ask Risa can produce a grid note indicating a $475,000,000 balance itemizing RPP, RRRP with balances as of July 1st, 2017?

I've accepted all the changes. Should I get Lisa to sign-off on the current copy without the amounts and date?

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the coperating facility is CDN $(-);

AND WHEREAS the IESO and the OFA have now agreed to decrease the total principal amount of the operating facility from CDN $975,000,000 to a principal amount of up to $475

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $XXXXXX.

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid note to the IESO.

Author
Existing Balance to be confirmed with Cash Management.

Author
Insert amount once determined

From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir
Cc: Bruno Amara ; John Kim ; William Tan ; Sarah Harris
Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

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Author
Existing Balance to be confirmed with Cash Management.

From: William Tan
To: Sarah Harris
Subject: FW: IESO DIRECTIVE decrease line of credit.docx
Date: Friday, June 23, 2017 2:19:41 PM
Attachments: image001.png
image002.png

Hi Sarah,

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Author
Insert amount once determined

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From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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Author
Existing Balance to be confirmed with Cash Management.

To:	Salman Qadir; Patrick Rundans (MOF)
Subject:	FW: IESO Directive and Credit Facility
Date:	Thursday, June 08, 2017 1:40:48 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx IESO_OFA FHP 2017 Credit Letter - SIGNED.docx 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v1.docx

Hi Salman and Patrick,

In starting to draft the credit agreement, I noticed that IESO's request letter only provides for a 5 year term be in place to September 30, 2022, but the OIC is out until 2047. This draft OIC (and draft Directive) has a 30 year maturity, and this maturity reflects a term for similar OFA OICs permitting the OFA to borrow from the Minister and to onlend to third parties (i.e. they mature in 2047), however, I'm not aware of the history on those other OICS as to that maturity date. I note that the loans under the existing OICS go out until 2042, so there is a logic to the 2047 expiry dates of those OICS. I'm not sure if there are specific reasons for the 2047 expiry date, but

thanks

Sarah

From: Salman Qadir
Sent: Tuesday, June 06, 2017 3:39 PM
To: Lisa Stein
Cc: Bruno Amara ; Sarah Neville ; Sarah Harris ; William Tan
Subject: IESO Directive and Credit Facility

Hi Lisa/all,

I thought I'd take this time to send around some background information that you may or may not have – just to ensure we're working from the same documents for reference.

Please see attached:

1) LRC Approval Form: Some background notes on the OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
2) Proposed OIC: OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
3) Request Letter from IESO outlined some of the key terms of the proposed agreement. OFA agrees with the request.
4) To help facilitate, I used an older directive (Algonquin College from 2011), did a new version for this agreement. Defer to Lisa on the language though.

Timing:

- Unless otherwise instructed, we are looking to have the agreement in place for July 1, 2017 (business day: July 3, 2017).
- We're hoping that we can finalize the directive by next week. Both the agreement and the directive are expected to be worked on simultaneously.
- We should aim to get a first draft agreement to IESO as soon as we can as well.
- OIC should be in approved for Tuesday, June 27, 2017.

As I type this, I do not think we can have the directive signed before the OIC is approved since the directive makes reference to the OIC. Any thoughts on this are welcome.

Happy to discuss further once you have reviewed, as needed.

Thank you,

Salman

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to make a loan to Independent Electricity System Operator ("IESO") in a total amount of up to CAD $2,000,000,000.00 (the "Loan").

Commented [SQ21]: Consistent with OIC.

The following terms and conditions shall apply in respect of the Loans:

1. The Loan shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of the Fair Hydro Plan, under the *Ontario Fair Hydro Plan Act, 2017.*

2. A Loan to IESO will only be made at the request and on the recommendation of the Minister of Energy.

3. The OFA will charge interest on the Loan equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread ("Spread").

4. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.

Commented [SQ22]: Consistent with OIC.

5. Each of the Loans shall be evidenced by a loan agreement containing terms and conditions consistent with this Directive and approved by the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the Spread, if any, for the Loan as set out above.

Dated , 2017

_____
Charles Sousa
Minister of Finance

To:	Opal Kandelas
Subject:	FW: IESO Directive and Credit Facility
Date:	Wednesday, June 07, 2017 2:00:14 PM

Hi Opal,
I'm glad Malle brought up the prom note. I'm

From: Sarah Neville
Sent: Wednesday, June 07, 2017 1:47 PM
To: Salman Qadir ; Lisa Stein ; William Tan
Cc: Bruno Amara ; Sarah Harris ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)
Subject: IESO Directive and Credit Facility

Hello-
By way of follow up on our discussions about this yesterday, I just spoke with Malle and she has advised that Toby will be working on the loan agreement from the MOF perspective as he has involvement in other aspects of the implementation of the plan.
In addition, Malle reminded me that there will be need to be a Promissory Note between OFA and the Province in respect of the on-lending authorized by OIC. I assume this is part of the routine process but just flag it as another moving part.
Thanks very much,
Sarah

Sarah Neville
Director, Legal Branch
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

To:	Salman Qadir; Patrick Rundans (MOF)
Subject:	FW: IESO Directive and Credit Facility
Date:	Thursday, June 08, 2017 1:40:48 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx IESO_OFA FHP 2017 Credit Letter - SIGNED.docx 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v1.docx

Hi Salman and Patrick,

In starting to draft the credit agreement, I noticed that IESO's request letter only provides for a 5 year term be in place to September 30, 2022, but the OIC is out until 2047. This draft OIC (and draft Directive) has a 30 year maturity, and this maturity reflects a term for similar OFA OICs permitting the OFA to borrow from the Minister and to onlend to third parties (i.e. they mature in 2047), however, I'm not aware of the history on those other OICS as to that maturity date. I note that the loans under the existing OICS go out until 2042, so there is a logic to the 2047 expiry dates of those OICS. I'm not sure if there are specific reasons for the 2047 expiry date, but

thanks

Sarah

From: Salman Qadir
Sent: Tuesday, June 06, 2017 3:39 PM
To: Lisa Stein
Cc: Bruno Amara ; Sarah Neville ; Sarah Harris ; William Tan
Subject: IESO Directive and Credit Facility

Hi Lisa/all,

I thought I'd take this time to send around some background information that you may or may not have – just to ensure we're working from the same documents for reference.

Please see attached:

1) LRC Approval Form: Some background notes on the OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
2) Proposed OIC: OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
3) Request Letter from IESO outlined some of the key terms of the proposed agreement. OFA agrees with the request.
4) To help facilitate, I used an older directive (Algonquin College from 2011), did a new version for this agreement. Defer to Lisa on the language though.

Timing:

- Unless otherwise instructed, we are looking to have the agreement in place for July 1, 2017 (business day: July 3, 2017).
- We're hoping that we can finalize the directive by next week. Both the agreement and the directive are expected to be worked on simultaneously.
- We should aim to get a first draft agreement to IESO as soon as we can as well.
- OIC should be in approved for Tuesday, June 27, 2017.

As I type this, I do not think we can have the directive signed before the OIC is approved since the directive makes reference to the OIC. Any thoughts on this are welcome.

Happy to discuss further once you have reviewed, as needed.

Thank you,

Salman

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to make a loan to Independent Electricity System Operator ("IESO") in a total amount of up to CAD $2,000,000,000.00 (the "Loan").

Commented [SQ21]: Consistent with OIC.

The following terms and conditions shall apply in respect of the Loans:

1. The Loan shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of the Fair Hydro Plan, under the *Ontario Fair Hydro Plan Act, 2017.*

2. A Loan to IESO will only be made at the request and on the recommendation of the Minister of Energy.

3. The OFA will charge interest on the Loan equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread ("Spread").

4. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.

Commented [SQ22]: Consistent with OIC.

5. Each of the Loans shall be evidenced by a loan agreement containing terms and conditions consistent with this Directive and approved by the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the Spread, if any, for the Loan as set out above.

Dated , 2017

_____
Charles Sousa
Minister of Finance

From: Opal Kandelas
To: Sarah Harris
Subject: FW: IESO Facilities Renewal
Date: Wednesday, April 19, 2017 12:56:56 PM

FYI – see the highlighted text below. Coming to discuss.

From: Ken Kandeepan
Sent: Wednesday, April 19, 2017 11:15 AM
To: Sarah Neville
Cc: Opal Kandelas ; Siva Nathan ; Robert Bozinoski
Subject: FW: IESO Facilities Renewal

Hi Sarah

As you can see from Rob's email the IESO has a facility with the OFA for almost a $1billion. This facility was given to the OPA and transferred when it merged with the IESO. The OFA financials for Dec 31, 2017 include the drawings to that date of $150M and this is the first time at least in a number of years that this facility has been drawn upon. There may be a question at ARMC as to why the facility was extended by the OFA as opposed to the OEFC.

Thanks

Ken k

From: Robert Bozinoski
Sent: Thursday, April 13, 2017 12:01 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: IESO Facilities Renewal

Hi Ken,

IESO facilities with OFA and OEFC below. Documentation is currently working with IESO on increasing amount available under the OEFC facilities.

OFA

IESO (formerly with OPA) was provided a maximum $975 million credit facility to primarily fund the Regulated Price Plan variance account. This credit facility has been extended until November 30, 2019. Balance drawn at March 31, 2017 was $81 million.

Variable Rate – 1M OntTB plus 25 bp

OEFC

Note outstanding of $90 million expiring April 30, 2017. IESO is looking to increase to $120 million for another 3 years (original loan of $78 million originates from Hydro restructuring). Fixed rate 2.046%

Credit facility of $95 million expiring April 30, 2017, IESO looking to increase to $160 million for another 3 years. The facility is used for liquidity and general purposes. No amounts drawn as of March 31, 2017. Variable rate – Province 30 day plus 50 bp.

From: Kelly Listoe
Sent: Thursday, April 13, 2017 11:47 AM
To: Robert Bozinoski <Robert.Bozinoski@ofina.on.ca>
Subject: IESO Facilities Renewal

Hi Rob:

The existing agreements expire April 30. In the works is an increase in the Note Facility from $90MM

to $120MM and an increase in the RCL from $95MM to $160MM. The RCL is for liquidity, general corp. purposes and costs related to the market renewals program. Other terms are the same. New facilities will mature June 30, 2020.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From:	Opal Kandelas
To:	Sarah Harris
Subject:	FW: IESO Facilities Renewal
Date:	Wednesday, April 19, 2017 12:56:56 PM

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Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>; Robert Bozinoski <Robert.Bozinoski@ofina.on.ca>
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-

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Sent: Thursday, April 13, 2017 11:47 AM
To: Robert Bozinoski <Robert.Bozinoski@ofina.on.ca>
Subject: IESO Facilities Renewal

Hi Rob:

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Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: William Tan
To: Sarah Harris
Subject: FW: IESO OFA Amending Agreement Draft
Date: Friday, June 09, 2017 11:14:45 AM
Attachments: Letter Agt IESO_OFA Amendment No 10 SH commetnts V2.docx

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Hello Sarah,

Thank you for your comments. Attached is the revised amending agreement. I tried to combine the note into this agreement. I can't seem to get the margins quite right on the note. We can keep the note and the amending agreement separate.

From: Sarah Harris
Sent: Monday, June 05, 2017 1:42 PM
To: William Tan
Subject: RE: IESO OFA Amending Agreement Draft

HI Will,

Thanks for the draft. Please see my comments, attached. The draft includes the recitals, but you'll also need to include the amending language to change the provisions of the agreement.

Thanks,

Sarah

From: William Tan
Sent: Friday, June 02, 2017 1:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO OFA Amending Agreement Draft

Hello Sarah,

Please find the drafts for the IESO OFA amending agreement No. 10. Let me know if you have any comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Amended Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated Corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the grid note is $(·);

AND WHEREAS the IESO and the OFA have now agreed to decrease the operating facility to a principal amount of up to $475,000,000.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The first sentence of the Recital in the Agreement is deleted and replaced by the following"

   "The IESO has requested an operating line of credit from the OFA in the amount of $475 million and the OFA has agreed to provide such a line of credit to the IESO".

2. The definition of Commitment in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. Schedule 3 of the Agreement, IESO Grid Note, is deleted and replaced by the OPA Grid Note attached hereto as Schedule 3.

[*signature page follows*]

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Commented [A1]: You have to include the actual amendments to the agreement. Right now, you've only included the recitals. Take a look at amending agreement 3 for an example.

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement as of the date first above written.

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ONTARIO FINANCING AUTHORITY	**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**
Per: _____	Per: _____
Name: Michael D. Manning	Name: Kimberly Marshall
Title: Executive Director Capital Markets Division	Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

~~(a)~~ **SCHEDULE 3 TO AMENDING AGREEMENT NO. 10**

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "**Company**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:

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By: _____

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From: Kelly Listoe
To: Sarah Harris
Subject: FW: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments.doc
Date: Tuesday, April 25, 2017 3:47:04 PM

Fyi – this is now with IESO. Hopefully they will turn it around early tomorrow.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Kelly Listoe
Sent: Tuesday, April 25, 2017 3:33 PM
To: Lisa Stein
Subject: RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments.doc

I'm fine with it and will discuss the insertion of definitions, etc with IESO.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Lisa Stein
Sent: Tuesday, April 25, 2017 3:08 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments.doc

Hi Kelly,

Please see my comments on the attached. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Opal Kandelas
To:	Sarah Harris
Subject:	FW: IESO Treasury Policy - likely revising for June 2017
Date:	Friday, June 02, 2017 2:02:19 PM
Attachments:	Item 8(iii) BLACKLINED Treasury Policy June 14 2017.docx Item 8(iv) BLACKLINED Schedule A - IESO Treasury Policy.docx

---

Not expecting to have any issues with this, but passing to you just in case.

From: Carlos Yep
Sent: Friday, June 02, 2017 1:19 PM
To: Opal Kandelas ; James Devine ; David Peters
Subject: FW: IESO Treasury Policy - likely revising for June 2017

From: Salman Qadir
Sent: Friday, June 02, 2017 12:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: IESO Treasury Policy - likely revising for June 2017

Hi Ken/Mike/Carlos,

Hope your week is going well.

We received the attached request to review IESO's latest update to their treasury policy which will require Minister of Finance's approval. As applicable, if your teams can review and provide comments, if any, we can consolidate and get back to IESO before they go to their Board in mid-June. We're hoping to get back to IESO early/mid next week.

Please let me know.

Thank you,

Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 30, 2017 11:29 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Salman,

Attached is a preliminary draft of the Treasury Policy and Sch A for your review.

Two changes have been made:

1. Permitting Fair Hydro program borrowings – self explanatory rationale; and
2. Increase from $420 million to $500 million in Sch A's Cdn Banks max limit per counter party.

The key rationale for the requested increase from $420 million to $500 million per counterparty is as follows:

• The market price of electricity has increased between 2014 to 2016 by approximately 16%-19% which has continued to result in the IESO managing higher and higher cash-flows and therefore seeking risk appropriate investments in accordance with the Treasury Policy – a large limit will allow the IESO to have more flexibility while being efficient with its cash;

• Over the past few years and relevant today, the availability of short-term (generally 1 day to 7 days which is used a lot by the IESO, and including less than 30 days investment) products such as Treasury Bills, BAs and Term Deposits have been irregular and not reliable for the IESO to find. The IESO generally deals in large amounts (several hundreds of millions) and given the lack of short term

products at the size the IESO needs, the Sch 1 banks have been generally offering Term Deposits for the IESO at very low interest rates because the Banks do not need the IESO monies. In fact, a few banks offer the IESO less than 10bps for Term Deposits – which is significantly lower than Bank of Canada overnight rate and BAs rates. Therefore, a Term Deposit with very low interest yield does not align with a resulting lower counterparty risk for the IESO; and

• The IESO's Transmission Rights balances have in general remained higher than $100 million on average over the last few years despite an IESO target of $20 million. This has resulted in the IESO managing higher cash-flows

- While the Fair Hydro program is likely to not impact the IESO's overall net cash balances (borrow / sell should generally align), the timing of these cash flows may be different at times and the IESO may hold more cash (short term basis) for a few days. The sales/service agreement with OPG Trust has not been completed, and I am just listing this as a contingency in case for some reason IESO holds larger cash balances before paying back the Fair Hydro loans.

Regards.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 3:11 PM
To: Anthony Martinello
Cc: John Kim; Bruno Amara; Shajee Kathirgamanathan
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Thanks Anthony.

We are working on obtaining approvals to ensure the facility can be put in place. I assume we will follow the same process as for the $975m facility – I will touch base with our documentation team and get back to you – that being said, our priority at the moment is to secure certain approvals.

Regards,

Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Monday, May 22, 2017 2:32 PM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>

Subject: RE: IESO Treasury Policy - likely revising for June 2017

Will do – trying for this week.

Can you update me on whether the IESO's $2B Fair Hydro credit facility is a go or no go – and if OFA will prepare the legal docs to start the process?

Regards.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 18, 2017 3:09 PM
To: Anthony Martinello
Cc: John Kim; Bruno Amara; Shajee Kathirgamanathan
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Hi Anthony,

I wanted to circle back with you on this email, particularly regarding possibly updating the IESO's Treasury Policy. Since it does require the Minister of Finance's approval, the OFA would be involved in obtaining that approval from the Minister. When you do have a markup, please do share it with us. Any details on what the changes would be accomplishing etc would also be helpful.

Regards,

Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, May 15, 2017 3:13 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO Treasury Policy - likely revising for June 2017

Salman,

As part of the Fair Hydro initiative, the IESO plans to ask government to permit FHP debt in an update to the O. Reg. 280/14.

In addition, IESO is likely to update its treasury policy (see attached – as approved by IESO Board and Min of Fin in 2015) to permit for the FHP draws/initiative.

I likely may also ask to increase the short term Cdn Sch I banks limits from $420million to $500million.

As part of the treasury policy update I wanted to give you/OFA a fyi and determine if you/OFA wish to comment back to me before I undertake the above changes.

Call me to discuss if easier.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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IESO Statement of Investment, Borrowing and Financial Management Policies and Procedures ("Treasury Policy")			
Office of Primary Responsibility	Treasury, Corporate Services	Policy #	**Treasury 01**
Subject.:	**IESO TREASURY POLICY**	Page:	1 of 4, and Schedule A
Approved by	Board of Directors	Effective	June 24, 2015
		Revised	June 14, 2017~~n / a~~

1. DEFINITIONS

CFO: means the IESO's Chief Financial Officer

IESO: means the Independent Electricity System Operator.

Treasury Policy: means this policy document, and means the Statement of Investment, Borrowing and Financial Management Policies and Procedures as referenced in Ontario Regulation 280 / 14.

2. PURPOSE:

The purpose of this Treasury Policy is as follows:

a) To adopt a policy for the sound and efficient management of the IESO's borrowing, investment, foreign exchange, financial affairs, and other treasury related activities;

b) To make investments when the investments are advisable for the sound and efficient management of the IESO's financial affairs;

c) To adhere to Ontario Regulation 280 / 14 made under the Electricity Act, 1998, as amended;

3. SCOPE

This Treasury Policy applies to all treasury related activities of the IESO (corporation) and the IESO's administered markets.

This Treasury Policy must be reviewed on an annual basis.

4. OUT OF SCOPE

This Treasury Policy does not apply to any activities pertaining to the IESO's pension plans[1].

Nothing in this Treasury Policy restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Electricity Act.

5. RESPONSIBILITIES

5.01 **Manager, Treasury and Pension Operations (or equivalent)** is responsible for:

- Manage all day-to-day treasury activities and ensure adherence to this Treasury Policy;
- To establish documented treasury processes and procedures for internal control purposes;
- As necessary, recommend to the CFO any appropriate changes to Treasury Policy;
- Provide the CFO on a timely basis with any policy violations, concerns, or issues;
- To provide a report on the IESO's treasury activities to the CFO and IESO Board of Directors at least each quarter.

5.02 **Chief Financial Officer** is responsible for:

- Establish prudent and effective treasury and risk management practices;
- To manage the relationships between government and the IESO regarding all treasury matters;
- Reviewing any proposed changes to the Treasury Policy before submission to the IESO Board of Directors;

[1] Includes the IESO Registered Pension Plan and IESO Supplementary Employee Retirement Plan (SERP reserve).

5.03 **IESO Board of Directors** are responsible for:

- To adopt a Treasury Policy setting out policies for the IESO's borrowing, investment, foreign exchange, financial affairs, and other treasury related activities;
- To ensure any proposed change to the Treasury Policy is sent to the Minister of Finance for approval

6. PERMITTED ACTIVITIES

6.1 Permitted Borrowings:

a) All new borrowing facilities must be approved by the IESO Board of Directors.

b) The CFO will renew the annual SERP's letter of credit posted with the SERP trustee.

c) All borrowing facilities must be denominated in Canadian dollars.

d) The IESO shall establish bank accounts' overdraft capacity and services with its bank(s).

e) The IESO may only borrow from the following list of lenders:
   i. Government of Canada, Canadian provincial governments or any of their agencies; and
   ii. Canadian Schedule I or Schedule II or Schedule III financial institutions;

f) As determined by the CFO, the IESO may obtain a credit rating(s) to assist the IESO with establishing the IESO's creditworthiness to prospective lenders or counterparties.

g) Borrowing facilities shall only be utilized for the following purposes:
   i. To ensure the IESO corporation's operating liquidity and for purchases of IESO corporation's capital assets;
   ii. To ensure liquidity to complete the IESO's mandate for the Ontario electricity markets' settlements including the settlements for any Ontario government programs that the IESO is a service provider;
   iii. To ensure funding of any amounts, including variance accounts and timing differences, as prescribed by the Ontario Electricity Act and any Ontario regulation;
   ~~iii.~~iv. To ensure funding of any amounts pertaining the Ontario's Fair Hydro program;
   ~~iv.~~v. To ensure funding as may be necessary to manage timing differences between the receipts and payments with respect to IESO procurement contracts, electricity markets transactions, Smart Metering, and taxes; and
   ~~v.~~vi. As directed by the Minister of Energy;

6.2 **Permitted Investments and Forward Foreign Exchange Contracts:**

a) See **Schedule "A": Approved Financial Instruments Listing** for a listing of permitted investments and counterparties.
b) Investments or counterparties not listed in **Schedule "A"** are prohibited.
c) All investments must be denominated in either Canadian or US dollars.

End.

Schedule "A"
Independent Electricity System Operator ("IESO")
Approved Financial Instruments Listing

Permitted Categories of Investment Products or Hedging Financial Instrument	***Allowable Counterparties or Issuers***	***Minimum S&P's Rating or equivalent ([1])***	***Maximum Face Amounts per counterparty or issuer***	***Max Term Limit***
1. Deposits held in bank accounts *2. Term Deposits* *3. Bankers' Acceptances* *4. Bearer Deposit Notes* *5. Certificates of Deposit* *6. Guaranteed Investment Certificates*	*Canadian Schedule I Banks*	*Short term: **"A-1+"***	*$~~420~~500 million per counterparty;*	*65 days*
7. Treasury Bills *8. Bonds* *9. Debentures* *10. Promissory Notes*	*Government of Canada* *Or* *Canadian Provincial Government,* *Or* *Government Agency (fully guaranteed by the Government of Canada or Provincial government)*	*TBills and Promissory Notes: "**A-1+**"* *Bonds and Debentures: "**AA-**"*	*Government of Canada and Province of Ontario: unlimited* *Other: $500million*	*365 days*
11. US$: Spot Market Purchases	*Canadian Schedule I Banks*	*Short term: "**A-1+**"*	*The total estimated US$ expenditures within the next 100 days.* *Maximum of US$5million*	*100 days*
12. US $: Forward Foreign Exchange Contracts	*Canadian Schedule I Banks*	*Up to 1 year: "**A-1+**"* *Long term: **"AA-"***	*The total estimated US$ expenditures in the approved IESO business plan (annual expenses and capital expenditures to meet contractual obligations) less any US$ currency held by the IESO.* *Maximum of US$25million*	*25 months ([2])*

[1] All counterparties must have at least two (2) ratings that meet the IESO's minimum S&P's rating or equivalent (e.g. S&P, Moody or DBRS).

[2] US$ spot, and US$ Forward Foreign Exchange Contracts will be utilized to manage foreign exchange risk and not to engage in speculative trading.

From:	Opal Kandelas
To:	Sarah Harris
Subject:	FW: IESO Treasury Policy - likely revising for June 2017
Date:	Friday, June 02, 2017 2:02:19 PM
Attachments:	Item 8(iii) BLACKLINED Treasury Policy June 14 2017.docx Item 8(iv) BLACKLINED Schedule A - IESO Treasury Policy.docx

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Not expecting to have any issues with this, but passing to you just in case.

From: Carlos Yep
Sent: Friday, June 02, 2017 1:19 PM
To: Opal Kandelas ; James Devine ; David Peters
Subject: FW: IESO Treasury Policy - likely revising for June 2017

From: Salman Qadir
Sent: Friday, June 02, 2017 12:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: IESO Treasury Policy - likely revising for June 2017

Hi Ken/Mike/Carlos,

Hope your week is going well.

We received the attached request to review IESO's latest update to their treasury policy which will require Minister of Finance's approval. As applicable, if your teams can review and provide comments, if any, we can consolidate and get back to IESO before they go to their Board in mid-June. We're hoping to get back to IESO early/mid next week.

Please let me know.

Thank you,

Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 30, 2017 11:29 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Salman,

Attached is a preliminary draft of the Treasury Policy and Sch A for your review.

Two changes have been made:

1. Permitting Fair Hydro program borrowings – self explanatory rationale; and
2. Increase from $420 million to $500 million in Sch A's Cdn Banks max limit per counter party.

The key rationale for the requested increase from $420 million to $500 million per counterparty is as follows:

• The market price of electricity has increased between 2014 to 2016 by approximately 16%-19% which has continued to result in the IESO managing higher and higher cash-flows and therefore seeking risk appropriate investments in accordance with the Treasury Policy – a large limit will allow the IESO to have more flexibility while being efficient with its cash;

• Over the past few years and relevant today, the availability of short-term (generally 1 day to 7 days which is used a lot by the IESO, and including less than 30 days investment) products such as Treasury Bills, BAs and Term Deposits have been irregular and not reliable for the IESO to find. The IESO generally deals in large amounts (several hundreds of millions) and given the lack of short term

products at the size the IESO needs, the Sch 1 banks have been generally offering Term Deposits for the IESO at very low interest rates because the Banks do not need the IESO monies. In fact, a few banks offer the IESO less than 10bps for Term Deposits – which is significantly lower than Bank of Canada overnight rate and BAs rates. Therefore, a Term Deposit with very low interest yield does not align with a resulting lower counterparty risk for the IESO; and

• The IESO's Transmission Rights balances have in general remained higher than $100 million on average over the last few years despite an IESO target of $20 million. This has resulted in the IESO managing higher cash-flows

- While the Fair Hydro program is likely to not impact the IESO's overall net cash balances (borrow / sell should generally align), the timing of these cash flows may be different at times and the IESO may hold more cash (short term basis) for a few days. The sales/service agreement with OPG Trust has not been completed, and I am just listing this as a contingency in case for some reason IESO holds larger cash balances before paying back the Fair Hydro loans.

Regards.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 3:11 PM
To: Anthony Martinello
Cc: John Kim; Bruno Amara; Shajee Kathirgamanathan
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Thanks Anthony.

We are working on obtaining approvals to ensure the facility can be put in place. I assume we will follow the same process as for the $975m facility – I will touch base with our documentation team and get back to you – that being said, our priority at the moment is to secure certain approvals.

Regards,

Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Monday, May 22, 2017 2:32 PM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>

Subject: RE: IESO Treasury Policy - likely revising for June 2017

Will do – trying for this week.

Can you update me on whether the IESO's $2B Fair Hydro credit facility is a go or no go – and if OFA will prepare the legal docs to start the process?

Regards.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 18, 2017 3:09 PM
To: Anthony Martinello
Cc: John Kim; Bruno Amara; Shajee Kathirgamanathan
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Hi Anthony,

I wanted to circle back with you on this email, particularly regarding possibly updating the IESO's Treasury Policy. Since it does require the Minister of Finance's approval, the OFA would be involved in obtaining that approval from the Minister. When you do have a markup, please do share it with us. Any details on what the changes would be accomplishing etc would also be helpful.

Regards,

Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, May 15, 2017 3:13 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO Treasury Policy - likely revising for June 2017

Salman,

As part of the Fair Hydro initiative, the IESO plans to ask government to permit FHP debt in an update to the O. Reg. 280/14.

In addition, IESO is likely to update its treasury policy (see attached – as approved by IESO Board and Min of Fin in 2015) to permit for the FHP draws/initiative.

I likely may also ask to increase the short term Cdn Sch I banks limits from $420million to $500million.

As part of the treasury policy update I wanted to give you/OFA a fyi and determine if you/OFA wish to comment back to me before I undertake the above changes.

Call me to discuss if easier.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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IESO Statement of Investment, Borrowing and Financial Management Policies and Procedures ("Treasury Policy")			
Office of Primary Responsibility	Treasury, Corporate Services	Policy #	**Treasury 01**
Subject.:	**IESO TREASURY POLICY**	Page:	1 of 4, and Schedule A
Approved by	Board of Directors	Effective	June 24, 2015
		Revised	June 14, 2017~~n / a~~

1. DEFINITIONS

CFO: means the IESO's Chief Financial Officer

IESO: means the Independent Electricity System Operator.

Treasury Policy: means this policy document, and means the Statement of Investment, Borrowing and Financial Management Policies and Procedures as referenced in Ontario Regulation 280 / 14.

2. PURPOSE:

The purpose of this Treasury Policy is as follows:

a) To adopt a policy for the sound and efficient management of the IESO's borrowing, investment, foreign exchange, financial affairs, and other treasury related activities;

b) To make investments when the investments are advisable for the sound and efficient management of the IESO's financial affairs;

c) To adhere to Ontario Regulation 280 / 14 made under the Electricity Act, 1998, as amended;

3. SCOPE

This Treasury Policy applies to all treasury related activities of the IESO (corporation) and the IESO's administered markets.

This Treasury Policy must be reviewed on an annual basis.

4. OUT OF SCOPE

This Treasury Policy does not apply to any activities pertaining to the IESO's pension plans[1].

Nothing in this Treasury Policy restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Electricity Act.

5. RESPONSIBILITIES

5.01 **Manager, Treasury and Pension Operations (or equivalent)** is responsible for:

- Manage all day-to-day treasury activities and ensure adherence to this Treasury Policy;
- To establish documented treasury processes and procedures for internal control purposes;
- As necessary, recommend to the CFO any appropriate changes to Treasury Policy;
- Provide the CFO on a timely basis with any policy violations, concerns, or issues;
- To provide a report on the IESO's treasury activities to the CFO and IESO Board of Directors at least each quarter.

5.02 **Chief Financial Officer** is responsible for:

- Establish prudent and effective treasury and risk management practices;
- To manage the relationships between government and the IESO regarding all treasury matters;
- Reviewing any proposed changes to the Treasury Policy before submission to the IESO Board of Directors;

[1] Includes the IESO Registered Pension Plan and IESO Supplementary Employee Retirement Plan (SERP reserve).

5.03 **IESO Board of Directors** are responsible for:

- To adopt a Treasury Policy setting out policies for the IESO's borrowing, investment, foreign exchange, financial affairs, and other treasury related activities;
- To ensure any proposed change to the Treasury Policy is sent to the Minister of Finance for approval

6. PERMITTED ACTIVITIES

6.1 Permitted Borrowings:

a) All new borrowing facilities must be approved by the IESO Board of Directors.

b) The CFO will renew the annual SERP's letter of credit posted with the SERP trustee.

c) All borrowing facilities must be denominated in Canadian dollars.

d) The IESO shall establish bank accounts' overdraft capacity and services with its bank(s).

e) The IESO may only borrow from the following list of lenders:
   i. Government of Canada, Canadian provincial governments or any of their agencies; and
   ii. Canadian Schedule I or Schedule II or Schedule III financial institutions;

f) As determined by the CFO, the IESO may obtain a credit rating(s) to assist the IESO with establishing the IESO's creditworthiness to prospective lenders or counterparties.

g) Borrowing facilities shall only be utilized for the following purposes:
   i. To ensure the IESO corporation's operating liquidity and for purchases of IESO corporation's capital assets;
   ii. To ensure liquidity to complete the IESO's mandate for the Ontario electricity markets' settlements including the settlements for any Ontario government programs that the IESO is a service provider;
   iii. To ensure funding of any amounts, including variance accounts and timing differences, as prescribed by the Ontario Electricity Act and any Ontario regulation;
   ~~iii.~~iv. To ensure funding of any amounts pertaining the Ontario's Fair Hydro program;
   ~~iv.~~v. To ensure funding as may be necessary to manage timing differences between the receipts and payments with respect to IESO procurement contracts, electricity markets transactions, Smart Metering, and taxes; and
   ~~v.~~vi. As directed by the Minister of Energy;

6.2 **Permitted Investments and Forward Foreign Exchange Contracts:**

a) See **Schedule "A": Approved Financial Instruments Listing** for a listing of permitted investments and counterparties.
b) Investments or counterparties not listed in **Schedule "A"** are prohibited.
c) All investments must be denominated in either Canadian or US dollars.

End.

Schedule "A"
Independent Electricity System Operator ("IESO")
Approved Financial Instruments Listing

Permitted Categories of Investment Products or Hedging Financial Instrument	***Allowable Counterparties or Issuers***	***Minimum S&P's Rating or equivalent ([1])***	***Maximum Face Amounts per counterparty or issuer***	***Max Term Limit***
1. Deposits held in bank accounts *2. Term Deposits* *3. Bankers' Acceptances* *4. Bearer Deposit Notes* *5. Certificates of Deposit* *6. Guaranteed Investment Certificates*	*Canadian Schedule I Banks*	*Short term: **"A-1+"***	*$~~420~~500 million per counterparty;*	*65 days*
7. Treasury Bills *8. Bonds* *9. Debentures* *10. Promissory Notes*	*Government of Canada* *Or* *Canadian Provincial Government,* *Or* *Government Agency (fully guaranteed by the Government of Canada or Provincial government)*	*TBills and Promissory Notes: "**A-1+**"* *Bonds and Debentures: "**AA-**"*	*Government of Canada and Province of Ontario: unlimited* *Other: $500million*	*365 days*
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[1] All counterparties must have at least two (2) ratings that meet the IESO's minimum S&P's rating or equivalent (e.g. S&P, Moody or DBRS).

[2] US$ spot, and US$ Forward Foreign Exchange Contracts will be utilized to manage foreign exchange risk and not to engage in speculative trading.

From:	Sarah Harris
To:	William Tan
Subject:	FW: IESO : OFA new FH credit facility
Date:	Wednesday, June 14, 2017 3:52:49 PM

Hi Will,

Please reach out to Anthony Martinello (cc' Salman and myself) and let him know the legal docs will be coming early next week.

Thanks,

Sarah

From: Salman Qadir

Sent: Wednesday, June 14, 2017 3:37 PM

To: Bruno Amara ; Sarah Harris

Cc: William Tan ; John Kim

Subject: FW: IESO : OFA new FH credit facility

FYI – just received this update and request now.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Wednesday, June 14, 2017 3:34 PM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: IESO : OFA new FH credit facility

IESO Board has approved today to enter into the new OFA Fair Hydro credit facility $2B.

Will you ensure OFA sends us the legal docs? Regards.

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Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>

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From:	Salman Qadir
To:	Bruno Amara; Sarah Harris
Cc:	William Tan; John Kim
Subject:	FW: IESO : OFA new FH credit facility
Date:	Wednesday, June 14, 2017 3:36:31 PM

FYI – just received this update and request now.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Wednesday, June 14, 2017 3:34 PM

To: Salman Qadir

Cc: Olga Whiteley ; Victor Buza

Subject: IESO : OFA new FH credit facility

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Cc: Olga Whiteley ; Victor Buza

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From: William Tan
To: "Anthony.Martinello@ieso.ca"
Cc: Sarah Harris; Salman Qadir; "Victor.Buza@ieso.ca"
Subject: FW: IESO : OFA new FH credit facility
Date: Wednesday, June 21, 2017 3:16:47 PM

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan

Cc: Sarah Harris ; Salman Qadir ; Victor Buza

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: William Tan
Subject: FW: IESO-OFA - FHP Line of Credit Facility Directive
Date: Monday, June 26, 2017 10:19:50 AM
Attachments: 01 - IESO-OFA - FHP Line of Credit Facility_MinDirective - BN.docx
02 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo CEO-DM.doc
03 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo DM-Min.doc
Directive IESO FHP 2017 v5.docx

Hi Will,
Lisa just cc'd me on this.
Sarah

From: Lisa Stein
Sent: Monday, June 26, 2017 10:17 AM
To: Gavin He
Cc: Salman Qadir ; Sarah Harris
Subject: FW: IESO-OFA - FHP Line of Credit Facility Directive

Hi Gavin,
I haven't looked at this yet – are these the documents I've already reviewed or is this a new credit facility?
Lisa

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,
As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?
Please let me know if you have any questions.
Thanks,
Gavin He

IESO FAIR HYDRO PLAN CREDIT FACILITY
MINISTER OF FINANCE LENDING DIRECTIVE

The Independent Electricity System Operator (IESO) has requested a revolving credit facility in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). To accommodate this request, the OFA requires a Lending Directive from the Minister of Finance.

- The IESO is requesting the credit facility be in place by July 1, 2017, with an initial term of 5-years plus a contingency of three months (effectively expiring on September 30, 2022).

RECOMMENDATION

- OFA staff recommend the Minister sign the Lending Directive allowing the OFA to lend to the IESO.
  - This will help the IESO to fulfil the commitments under the OFHP Act as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

MINISTER'S DIRECTIVE

Minister of Finance's Lending Directive would authorize the OFA to provide a revolving credit facility in an amount of up to $2 billion with a maturity date of September 30, 2022. The Lending Directive will also include the following conditions:

- The interest rate charged to IESO on all advances will be based on the Province's cost of funds plus a twenty-five basis point (0.25%) spread.
- The credit facility agreement shall be subject to such other terms as the OFA deems appropriate from time to time.

FISCAL IMPACT

- There would be a relatively small but positive fiscal impact for the Province as a result of this credit facility.
  - The Province receives a small fiscal benefit by adding 25 basis points (i.e., 0.25%) to the Provinces cost of borrowing for funds provided to the IESO under the facility.

- Both the IESO and OFA are consolidated with the Province on a line by line basis. For the OFA and the Province, costs associated with the credit facility are recovered from the IESO. For the IESO, principal and interest associated with the credit facility are recovered from electricity ratepayers.

DETAILS AND ANALYSIS

- On May 31, 2017, the government passed the OFHP Act to enable the implementation of the Ontario Fair Hydro Plan, which will lower electricity bills by 25 per cent on average for eligible residential customers. Eligible farms and small businesses will also receive benefits (essentially for those eligible for the Regulated Price Plan).
- Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future.
- During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.
  - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
  - The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.

- Although IESO will not need long-term borrowing for its role in this process, it is expected to need short-term financing to manage initial and ongoing IESO cash flow requirement timing differences.
  - The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation).
  - Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO.
  - Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

Current Status

- An existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.
- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
  - The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP.
  - Specific terms of the agreement are being negotiated between the IESO and OFA.

	OFA: IESO Facility	**New Proposed FHP Facility**
Current Credit Facilities	$975 million	$ -
Reduction due to FHP	$(500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Total Credit Facilities	**$475 million**	**$2,000 million**

BACKGROUND

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
June 23, 2017

Ontario Financing Authority
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Suite 1400
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(416) 325-8000

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Bureau 1400
Toronto ON M7A 1Y7

Ontario

June 25, 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Minister's Directive to OFA to provide IESO a Credit Facility Extension**

Attached for your review and consideration is a memo to the Minister of Finance recommending that the Minister direct the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act").

Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future. During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.

- It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
- The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.

Although IESO will not need long-term borrowing for its role in this process, it is expected to need short-term financing to manage initial and ongoing IESO cash flow requirement timing differences.

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An existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.

- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
- The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP

Attached is a briefing note for your consideration, as well as a Lending Directive for the Minister's signature that would direct OFA to provide a $2 billion revolving credit facility to the IESO, with a maturity date of September 30, 2022, an interest rate of Province’s cost of funds plus a twenty-five basis point spread and any other terms the OFA deems appropriate.

Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Gadi Mayman

Attachments

c. Ronald Kwan

Ministry of Finance

Office of the
Deputy Minister

Frost Building South
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Fax: 416 325-1595

Ministère des Finances

Bureau du
sous-ministre

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Tél. : 416 325-1590
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MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
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SUBJECT: **Minister's Directive to OFA to provide OPA a Credit Facility Extension**

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Scott Thompson

Attachments

c. Marianne Nguyen
Gadi Mayman
Ronald Kwan

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

DRAFT

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated:

Charles Sousa
Minister of Finance

DRAFT

From:	Lisa Stein
To:	Gavin He
Cc:	Salman Qadir; Sarah Harris
Subject:	FW: IESO-OFA - FHP Line of Credit Facility Directive
Date:	Monday, June 26, 2017 10:17:23 AM
Attachments:	01 - IESO-OFA - FHP Line of Credit Facility_MinDirective - BN.docx 02 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo CEO-DM.doc 03 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo DM-Min.doc Directive IESO FHP 2017 v5.docx

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Hi Gavin,

I haven't looked at this yet – are these the documents I've already reviewed or is this a new credit facility?

Lisa

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein ; Malle Hanslep (MOF)
Cc: Bruno Amara ; Salman Qadir
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,

As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?

Please let me know if you have any questions.

Thanks,

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IESO FAIR HYDRO PLAN CREDIT FACILITY
MINISTER OF FINANCE LENDING DIRECTIVE

The Independent Electricity System Operator (IESO) has requested a revolving credit facility in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). To accommodate this request, the OFA requires a Lending Directive from the Minister of Finance.

- The IESO is requesting the credit facility be in place by July 1, 2017, with an initial term of 5-years plus a contingency of three months (effectively expiring on September 30, 2022).

RECOMMENDATION

- OFA staff recommend the Minister sign the Lending Directive allowing the OFA to lend to the IESO.
  - This will help the IESO to fulfil the commitments under the OFHP Act as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

MINISTER'S DIRECTIVE

Minister of Finance's Lending Directive would authorize the OFA to provide a revolving credit facility in an amount of up to $2 billion with a maturity date of September 30, 2022. The Lending Directive will also include the following conditions:

- The interest rate charged to IESO on all advances will be based on the Province's cost of funds plus a twenty-five basis point (0.25%) spread.
- The credit facility agreement shall be subject to such other terms as the OFA deems appropriate from time to time.

FISCAL IMPACT

- There would be a relatively small but positive fiscal impact for the Province as a result of this credit facility.
  - The Province receives a small fiscal benefit by adding 25 basis points (i.e., 0.25%) to the Provinces cost of borrowing for funds provided to the IESO under the facility.

- Both the IESO and OFA are consolidated with the Province on a line by line basis. For the OFA and the Province, costs associated with the credit facility are recovered from the IESO. For the IESO, principal and interest associated with the credit facility are recovered from electricity ratepayers.

DETAILS AND ANALYSIS

- On May 31, 2017, the government passed the OFHP Act to enable the implementation of the Ontario Fair Hydro Plan, which will lower electricity bills by 25 per cent on average for eligible residential customers. Eligible farms and small businesses will also receive benefits (essentially for those eligible for the Regulated Price Plan).
- Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future.
- During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.
  - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
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- Although IESO will not need long-term borrowing for its role in this process, it is expected to need short-term financing to manage initial and ongoing IESO cash flow requirement timing differences.
  - The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation).
  - Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO.
  - Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

Current Status

- An existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.
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  - Specific terms of the agreement are being negotiated between the IESO and OFA.

	OFA: IESO Facility	**New Proposed FHP Facility**
Current Credit Facilities	$975 million	$ -
Reduction due to FHP	$(500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Total Credit Facilities	**$475 million**	**$2,000 million**

BACKGROUND

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
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June 25, 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Minister's Directive to OFA to provide IESO a Credit Facility Extension**

Attached for your review and consideration is a memo to the Minister of Finance recommending that the Minister direct the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act").

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Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Gadi Mayman

Attachments

c. Ronald Kwan

Ministry of Finance

Office of the
Deputy Minister

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Ministère des Finances

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DRAFT

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	OFA: IESO Facility	**New Proposed FHP Facility**
Current Credit Facilities	$975 million	$ -
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Increase due to FHP	$ -	$2,000 million
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June 25, 2017

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Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Minister's Directive to OFA to provide IESO a Credit Facility Extension**

Attached for your review and consideration is a memo to the Minister of Finance recommending that the Minister direct the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act").

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- It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
- The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.

Although IESO will not need long-term borrowing for its role in this process, it is expected to need short-term financing to manage initial and ongoing IESO cash flow requirement timing differences.

…2

An existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.

- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
- The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP

Attached is a briefing note for your consideration, as well as a Lending Directive for the Minister's signature that would direct OFA to provide a $2 billion revolving credit facility to the IESO, with a maturity date of September 30, 2022, an interest rate of Province’s cost of funds plus a twenty-five basis point spread and any other terms the OFA deems appropriate.

Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Gadi Mayman

Attachments

c. Ronald Kwan

Ministry of Finance

Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel.: 416 325-1590
Fax: 416 325-1595

Ministère des Finances

Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél. : 416 325-1590
Téléc. : 416 325-1595

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister

SUBJECT: **Minister's Directive to OFA to provide OPA a Credit Facility Extension**

Attached for your review and consideration is a Minister's Directive to the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the Ontario Fair Hydro Plan Act, 2017 ("OFHP Act").

Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future. During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.

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- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
- The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP

Attached is a briefing note for your consideration, as well as a Lending Directive for the your signature that would direct OFA to provide a $2 billion revolving credit facility to the IESO, with a maturity date of September 30, 2022, an interest rate of Province's cost of funds plus a twenty-five basis point spread and any other terms the OFA deems appropriate.

Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Scott Thompson

Attachments

c. Marianne Nguyen
Gadi Mayman
Ronald Kwan

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

DRAFT

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated:

Charles Sousa
Minister of Finance

DRAFT

From: Sarah Harris
To: William Tan
Subject: FW: IESO-OFA - FHP Line of Credit Facility Directive
Date: Monday, June 26, 2017 10:19:50 AM
Attachments: 01 - IESO-OFA - FHP Line of Credit Facility_MinDirective - BN.docx
02 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo CEO-DM.doc
03 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo DM-Min.doc
Directive IESO FHP 2017 v5.docx

Hi Will,
Lisa just cc'd me on this.
Sarah

From: Lisa Stein
Sent: Monday, June 26, 2017 10:17 AM
To: Gavin He
Cc: Salman Qadir ; Sarah Harris
Subject: FW: IESO-OFA - FHP Line of Credit Facility Directive

Hi Gavin,
I haven't looked at this yet – are these the documents I've already reviewed or is this a new credit facility?
Lisa

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,
As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?
Please let me know if you have any questions.
Thanks,
Gavin He

IESO FAIR HYDRO PLAN CREDIT FACILITY
MINISTER OF FINANCE LENDING DIRECTIVE

The Independent Electricity System Operator (IESO) has requested a revolving credit facility in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). To accommodate this request, the OFA requires a Lending Directive from the Minister of Finance.

- The IESO is requesting the credit facility be in place by July 1, 2017, with an initial term of 5-years plus a contingency of three months (effectively expiring on September 30, 2022).

RECOMMENDATION

- OFA staff recommend the Minister sign the Lending Directive allowing the OFA to lend to the IESO.
  - This will help the IESO to fulfil the commitments under the OFHP Act as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

MINISTER'S DIRECTIVE

Minister of Finance's Lending Directive would authorize the OFA to provide a revolving credit facility in an amount of up to $2 billion with a maturity date of September 30, 2022. The Lending Directive will also include the following conditions:

- The interest rate charged to IESO on all advances will be based on the Province's cost of funds plus a twenty-five basis point (0.25%) spread.
- The credit facility agreement shall be subject to such other terms as the OFA deems appropriate from time to time.

FISCAL IMPACT

- There would be a relatively small but positive fiscal impact for the Province as a result of this credit facility.
  - The Province receives a small fiscal benefit by adding 25 basis points (i.e., 0.25%) to the Provinces cost of borrowing for funds provided to the IESO under the facility.

- Both the IESO and OFA are consolidated with the Province on a line by line basis. For the OFA and the Province, costs associated with the credit facility are recovered from the IESO. For the IESO, principal and interest associated with the credit facility are recovered from electricity ratepayers.

DETAILS AND ANALYSIS

- On May 31, 2017, the government passed the OFHP Act to enable the implementation of the Ontario Fair Hydro Plan, which will lower electricity bills by 25 per cent on average for eligible residential customers. Eligible farms and small businesses will also receive benefits (essentially for those eligible for the Regulated Price Plan).
- Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future.
- During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.
  - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
  - The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.

- Although IESO will not need long-term borrowing for its role in this process, it is expected to need short-term financing to manage initial and ongoing IESO cash flow requirement timing differences.
  - The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation).
  - Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO.
  - Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

Current Status

- An existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.
- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
  - The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP.
  - Specific terms of the agreement are being negotiated between the IESO and OFA.

	OFA: IESO Facility	**New Proposed FHP Facility**
Current Credit Facilities	$975 million	$ -
Reduction due to FHP	$(500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Total Credit Facilities	**$475 million**	**$2,000 million**

BACKGROUND

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
June 23, 2017

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June 25, 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Minister's Directive to OFA to provide IESO a Credit Facility Extension**

Attached for your review and consideration is a memo to the Minister of Finance recommending that the Minister direct the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act").

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- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
- The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP

Attached is a briefing note for your consideration, as well as a Lending Directive for the Minister's signature that would direct OFA to provide a $2 billion revolving credit facility to the IESO, with a maturity date of September 30, 2022, an interest rate of Province’s cost of funds plus a twenty-five basis point spread and any other terms the OFA deems appropriate.

Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Gadi Mayman

Attachments

c. Ronald Kwan

Ministry of Finance

Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel.: 416 325-1590
Fax: 416 325-1595

Ministère des Finances

Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél. : 416 325-1590
Téléc. : 416 325-1595

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister

SUBJECT: **Minister's Directive to OFA to provide OPA a Credit Facility Extension**

Attached for your review and consideration is a Minister's Directive to the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the Ontario Fair Hydro Plan Act, 2017 ("OFHP Act").

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Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Scott Thompson

Attachments

c. Marianne Nguyen
Gadi Mayman
Ronald Kwan

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

DRAFT

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- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated:

Charles Sousa
Minister of Finance

DRAFT

From:	Sarah Harris
To:	Lisa Stein
Subject:	FW: IESO_OFA FEP 2017 Credit Letter
Date:	Tuesday, June 20, 2017 12:46:32 PM
Attachments:	FHP_IESO_OPA Original Credit Agreement (DRAFT) SH Initial comments.docx FHP_IESO_OPA Original Credit Agreement (DRAFT) Compare.docx

---

Hi Lisa,
I'm sending this to you for a quick discussion re: material subsidiary. Don't bother opening it; I'll come down and quickly explain. Whether we keep or strip Material Subsidiary, the compare shows all the additions of this.
Sarah

From: Sarah Harris
Sent: Friday, June 09, 2017 1:01 PM
To: William Tan
Subject: RE: IESO_OFA FEP 2017 Credit Letter

From: William Tan
Sent: Wednesday, June 07, 2017 9:30 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter
Hi Sarah,
Question for you. I understand that advances in this agreement have a minimum of 7 days and a maximum of 95 days in length. In my mind the advances are fairly short and will mature fairly quickly. However, according to the proposed FHP OIC materials it indicates a maturity of Dec 31, 2047. I left some comments in the draft as well. We can discuss this in the morning.
Also, may I come in an hour later as I stayed late to work on this.
Thanks,
Will

From: Sarah Harris
Sent: Wednesday, June 07, 2017 1:05 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Thanks, Will.
Sounds good.
Sarah

From: William Tan
Sent: Wednesday, June 07, 2017 1:04 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Hi Sarah,
I believe I can get you a draft end of day today or tonight. I don't have anything particularly pressing right now to pass along.

From: Sarah Harris
Sent: Wednesday, June 07, 2017 12:36 PM
To: William Tan <William.Tan@ofina.on.ca>

Subject: RE: IESO_OFA FEP 2017 Credit Letter

HI Will,

On Monday, you initially mentioned that you thought you could provide a draft of the new credit facility today, but some things have gotten in the way. Please let me know what is on your plate (might be coming up) so I can re-delegate if needed. As mentioned, the credit facility is a high priority item which is time sensitive as it must be in place by June 30, and it must be vetted through OFA legal and negotiated with IESO.

Are you able to get provide a draft by tomorrow at 11 a.m.?

Also, please let me know if you have any questions or require any guidance on any points – if you feel it may be beneficial for me to review your draft to this point, I would be happy to do so.

Thanks,

Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:23 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

Hi Will,

I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.

Please take a look at the attached letter, and we can discuss tomorrow.

Thanks,

Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

FYI.

Why it was sent to me directly, no idea.

Salman

From: Georgia Ritchie-Wust [mailto:georgia.ritchie-wust@ieso.ca]
Sent: Friday, May 12, 2017 2:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter

Hi,

At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.

If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca

Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
Postal Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

Corporate Services collaborates with you to deliver solutions and expertise that enable the IESO to achieve its goals.

Conservation: www.saveONenergy.ca[saveonenergy.ca] | Twitter: saveONenergyOnt[twitter.com] | LinkedIn: saveONenergy[linkedin.com]

Please consider our environmental responsibility before printing this email.

*"We are what we repeatedly do. **Excellence**, therefore, is not an act but a **habit**".*
…..(Aristotle)

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INDEPENDENT ELECTRICTY SYSTEM OPERATOR ~~ONTARIO POWER AUTHORITY~~

as Borrower

and

ONTARIO FINANCING AUTHORITY~~ONTARIO FINANCING AUTHORITY~~

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN~~between~~:

~~A.~~ **INDEPENDENT ELECTRICTY SYSTEM OPERATOR**, as statutory corporation without share capital existing under the Electricity Act, 1998 ~~a corporation established under the *Electricity Act, 1998*~~ (~~the "~~"**IESO**~~OPA~~") (as Borrower)

AND

ONTARIO FINANCING AUTORITY, a Crown ~~agency~~agency established under the Capital Investment Plan~~ce~~ Act, ~~1993 (~~1993 ("OFA" and together with the IESO, the "Parties")

~~B. (the "OFA")ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA"),~~

RECITALS**:**

WHEREAS The IESO~~OPA~~ has requested a~~n~~ short term revolving credit facility from ~~operating line of credit from the~~OFA for the purpose of its loan program, in the princip~~leal~~ ~~OFA in the~~ amount not to exceed Two Billion Dollars~~of~~ ($2,000,000,000);

~~500~~

AND WHEREAS pursuant to Directive (·), the IESO is authorized to borrow from the OFA by way of (a) loans; (b) entering into loan agreement provided that the maximum principal amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregate principal amount not to exceed $2,000,000,000;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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~~million and the OFA has agreed to provide such a line of credit to the OPA.~~

~~NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:~~

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

~~ARTICLE 1~~
~~DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION~~

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

~~Section 1.1 Definitions.~~
~~For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:~~

~~"Advances" means advances made by the OFA to the OPA under Article 3 and "Advance" means any one of such advances.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

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"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2500 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(e)(f) and the Swap Termination Value of each Swap Contract of such Person; and

(gf) every obligation of the type referred to in paragraphs (a) through (fe) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Loan Period"** means the period beginning on July (·), 2017 and ending on December 31, 2047.~~

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

~~**"Operating Facility"** means the revolving credit facility to be made available to the IESOOPA by the OFAOFA under this Agreement for the purposes specified in Section 2.3.~~

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO~~OPA~~ to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary ~~OPA~~ under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the IESO or such Material Subsidiary~~OPA~~;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary ~~OPA~~ that have not at the time been filed against

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the IESO or such Material Subsidiary~~OPA~~; provided, however, that if any such Lien or charge shall have been filed, the IESO~~OPA~~ or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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(g) any Lien the validity of which is being contested at the time by the IESO or a Material SubsidiaryOPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESOOPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material SubsidiaryOPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESOOPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESOOPA or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving ~~long~~short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

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Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings are ~~nd the provision of a Table of Contents are~~ for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac~~-~~cepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

~~principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.~~

Section 1.5 Non-Business ~~-~~ Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING ~~-~~ CREDIT FACILITY~~OPERATING FACILITY~~

Section 2.1 Availability.

The OFA~~OFA~~ agrees, on the terms and conditions of this Agreement, to make Advances to ~~available~~ to the IESO. ~~a revolving credit facility in a maximum principal amount not to exceed the Commitment.~~ The ~~IESO~~OFA shall make ~~Advances to the OPA. The OFA shall make~~ each Advance ~~under the short term credit facility in~~ in Canadian Dollars.

~~**Section 2.2 Loan PerioCommitment and Facility Limits.d.**~~

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~~Loans under the Short Term Revolving Credit Facility can only be advanced during the Loan Period.~~

~~If the IESO wishes to extend the expiry date of the Loan Period, it shall make a written request to amend the Agreement to the OFA not later than one hundred and twenty (120) Business Days prior to the end of the Loan Period. Any extension of this Agreement is at the discretion of the OFA and subject to the written agreement of the parties. The request for extension shall include confirmation satisfactory to the OFA that the IESO Board has authorized a Directive extending the period for borrowing under the Agreement and that the Directive has been approved by the Minister of Energy and the Minister of Finance. Extension of the Loan Period does not increase the OFA's Commitment under the Long Term Credit Facility.~~

Section 2.3~~2~~ Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.

~~Section 2.4 First Advance Period and Extension Option.~~

~~Advances are subject to Sections 3.1, 3.2 and 3.3 **under this Agreement. Extension of this Agreement is at the discretion of the** OFA **and conditional on an** IESO Directive **that authorizes such borrowing being in effect and the obtaining of any other necessary governmental approvals.**~~

Section 2.3~~5~~ Commitment and Facility Limits ~~Revolving Nature.~~

The Advances Outstanding to the IESO under the Short Term ~~Revolving~~ Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term ~~Revolving~~ Credit Facility shall revolve and no repayment under the Short Term ~~Revolving~~ Credit Facility shall reduce the Commitment.

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3 Use of Proceeds~~

~~The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.~~

Section 2.4~~6~~4 Mandatory~~-~~ Repayment.

Subject to Sections 2.5~~10~~9 and 5.~~1~~2, the IESO~~OPA~~ shall repay each Advance together with the interest accrued thereon on~~on~~ the applicable Repayment Date, and, ~~as the case may be, and, i~~In in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022. ~~December 31, 20470~~6. ~~In the event that this Agreement is amended to provide for one or more Extension Periods, such written amendment shall also specific the amended final repayment date for the purposes of this section. On each applicable payment date specified in the Credit Facility Records (as defined in Section 3.5).~~

Section 2.5~~7~~5 Prepayments.

The IESO~~ OPA~~ is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA~~ OFA~~.

Section 2.6~~8~~7 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO~~ OPA~~ shall make any payment required hereunder to be made by it to the OFA~~OFA~~, to or to the order of the OFA~~ OFA~~, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA~~OFA~~ to the IESO~~OPA~~ from time to time, or in such other manner as the OFA~~OFA~~ may specify to the IESO~~OPA~~ from time to time. The IESO~~OPA~~ shall make each such payment in Canadian Dollars.

~~(2) The OFAOFA shall make Advances to the IESO OPA under this Agreement to or to the order of the IESOOPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESOOPA to the OFAOFA from time to time, or in such other manner as the IESOOPA may specify to the OFAOFA from time to time.~~

Section 2.7~~9~~8 Computations ~~of~~ Interest.

(1) All computations of interest shall be made by the OFA~~OFA~~ taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366

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days, as the case may be.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

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Section 2.~~1089~~ Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~98~~(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province

~~(2)~~

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the Short-Term Credit ~~Operating~~ Facility from time to time on any Business Day prior to August~~November~~ 3~~10~~, 2022~~06~~.

Section 3.2 **Procedure for Advances.**

~~(1)~~ Subject to Section 3.3(3), each Advance shall be made subject to~~on~~ two~~one~~ Business Day~~'~~s' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO ~~OPA~~ to the OFA~~OFA~~. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO~~OPA~~ and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7~~1~~ days~~month~~ and not later than 95 days after the date of the requested Advance. ~~2 months or 3 months after the requested date of the Advance.~~

(1) The OFA ~~OFA~~ will make the principal amount of each Advance available to the IESO~~OPA~~ in accordance with Article

2.

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA~~OFA~~ a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO~~OPA~~ authorizes the OFA~~OFA~~ to record on the grid promissory note (a) the

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date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each~~h~~

h payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA~~OFA~~ to record any amount, rate or date shall not affect the obligation of the IESO~~OPA~~ to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The IESO~~OPA~~ may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days~~1 month, 2 months or 3 months~~ beginning on the then current Repayment Date in accordance with Section 3.3(2).

~~(1)~~(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO~~OPA~~ to the OFA~~ OFA~~. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO~~OPA~~. (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

~~(2)~~

Section 3.4 Interest on Advances.

(1) The IESO~~OPA~~ shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province~~OFA's cost of funds for borrowings with a similar term as determined by the OFA~~OFA~~ plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on

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an Advance will be calculated by the OFA~~OFA~~ by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(2)

(3) If the IESO~~OPA~~ elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO~~OPA~~ promissory note in respect of Advances held by it.

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Section 3.5 Conditions Precedent

The obligation of the IESO ~~OFA~~ to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA~~OFA~~'s satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO~~OPA~~ contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA~~OFA~~, have been no material adverse change in the financial condition of the IESO~~OPA~~; and

(d) that the OFA~~OFA~~ has received such other documentation which it has reasonably requested to ensure that the IESO~~OPA~~ is in compliance with the terms~~ms~~ and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO~~OPA~~ confirming that the borrowing is within the legal powers of the IESO~~OPA~~ and that the Agreement is a direct, unsecured obligation of the IESO~~OPA~~ enforceable against the IESO~~OPA~~ in form satisfactory to the OFA~~OFA~~.

Section 3.5 Evidence of Indebtedness

The IESO authorizes the OFA to open and maintain records (including electronic records) evidencing the indebtedness of IESO under each Loan including (a) the date and principal amount of each Loan advance; (b) the applicable rate of interest for each Loan; (c) the Repayment Date of each Loan and accrued interest thereon; (d) the date and amount of each payment of interest and of principal in respect of each Loan; and (e) the outstanding principal amount of each Loan from time to time (the "Credit Facility Records"). The IESO agrees that in the absence of manifest error, the Credit Facility Records kept by the OFA shall be conclusive evidence of the obligations of the IESO to the OFA under this Agreement with respect to all Loans and all other amounts owing by the IESO to the OFA under this Agreement, provided that that the failure of the OFA to record or correctly record any amount or date shall not affect the obligation of the IESO to pay the outstanding principal amount of each Loan and interest on each Loan in accordance with terms set out in this Agreement. After a request by the IESO, the OFA shall promptly advise the IESO of any entries made in the Credit Facility Records.

Where communications between the parties are provided on an electronic basis under this Agreement, printouts or other tangible reproductions of any electronic record maintained by a party in relation to such communications shall be considered business records in any legal, administrative or other proceedings that may arise in relation to this Agreement

ARTICLE 4

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COVENANTS OF THE

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Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

~~The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Section 4.2 IESO~~OPA~~ will ~~Maintain~~Maintain its Corporate Existence.

Subject to Section 7.1, ~~T~~the IESO~~OPA~~ will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO~~OPA~~ will cause all property owned by the IESO~~OPA~~ or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO~~OPA~~ or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO~~OPA~~ or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary~~OPA~~ from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary~~OPA~~, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The IESO~~OPA~~ will cause all property owned by the IESO or any Material Subsidiary ~~OPA~~ which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, ~~-~~carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO~~OPA~~ will not, and will not permit any Material Subsidiary to, ~~-~~create, incur or assume any Lien, charging the interest of the IESO~~OPA~~ or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO~~OPA~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary ~~OPA~~ in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens

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permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA~~OFA~~ Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, ~~T~~the IESO~~OPA~~ will, on demand, reimburse and indemnify OFA~~OFA~~ for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA ~~OFA~~ in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA~~OFA~~ as a result of any failure by the IESO~~OPA~~ to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA~~OFA~~) calculated and payable monthly not in advance from in each case from the date on which the OFA~~OFA~~ incurs the cost, charge or expense until the date on which the IESO~~OPA~~ reimbursement the OFA~~OFA~~ therefor. The OFA ~~OFA~~ agrees, acting reasonably, to invoice the IESO~~OPA~~ for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.~~6~~9 Late Repayment of Loans.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal~~ple~~ amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

~~(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and

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all other amounts owing under this Agreement on September 30, 2022 ~~December 31, 204706~~;

(c) failure on the part of the IESO~~OPA~~ to observe or perform its obligations set forth in Section 4.1;

(~~d~~e) failure on the part of the IESO~~OPA~~ to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO~~OPA~~ by the OFA~~OFA~~;

(~~e~~f) any representation or warranty made by the IESO~~OPA~~ in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA~~OFA~~ was incorrect or misleading in any material respect;

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(f) one or more breaches by the IESO~~OPA~~ of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final ~~-~~Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(i)

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary ~~OPA~~:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

~~(B)~~(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed ~~-~~ or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

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official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(~~i~~h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; ~~Rescission and~~Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Loans until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

~~If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.~~

Section 5.3 Suits for Enforcement by the OFA~~OFA~~.

If an Event of Default occurs and is continuing, the OFA~~OFA~~ may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA ~~OFA~~ by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for

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the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

~~(a)~~ to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

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(a)

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 ~~Representations and~~Representations and Warranties of IESO~~OPA~~

The ~~OPA~~IESO represents and warrants to the OFA~~OFA~~ that:

(a) the borrowing of money (including principal and accrued interest) by the IESO~~OPA~~ and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO~~OPA~~ and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO~~OPA~~, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO~~OPA~~ or any contractual or other obligation binding on the IESO~~OPA~~;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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(d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~32; and~~.

~~the IESO has been duly incorporated and organized and is validly subsisting under the Ontario Fair Hydro Plan Act, 2017 and is in good standing under the laws of Ontario.~~

~~(d)~~

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA~~OFA~~, notwithstanding any investigations or examinations which may be made by counsel for the OFA~~OFA~~.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA ~~of Ontario~~.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
~~7~~ GENERAL

Section 8~~7~~.1~~1~~ Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic ~~communication addressed~~communication addressed:

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If to the IESO~~OPA~~, to it at:

Independent Electricity System Operator
~~Ontario Power Authority 880 Bay Street~~120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON M5H 1T1~~ M7A 2C~~

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

~~Attention: Chief Executive Officer Telephone:~~
~~Telecopier:~~

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

~~Attention:~~ ~~Executive Director – Capital Markets~~
~~Telephone:~~ ~~Division (416) 325-8128~~
~~Telecopier:~~ ~~(416) 325-8005~~

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 87.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 87.1.

Section 87.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 87.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section 87.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise
of such right shall not preclude ~~an other~~another or further exercise of such right or the exercise of any other right.

Section 87.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section 87.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 87.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 87.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

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ONTARIO FINANCING AUTHORITY	**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**
Per:	Per:
Name: Michael D. Manning	Name: Kimberly Marshall
Title: Executive Director Capital Markets Division	Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

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~~**IN WITNESS WHEREOF** the parties have executed this Agreement as of the 1st day of January, 2005.~~

ONTARIO POWER AUTHORITY

by: --0+"J-<-J.L-"<Z1-J'--"o<+1.1.'-'-'-...._...>..
Name: Rosalyn awrence
Authorized Signing Officer

and: ,/f?
Name: Ricgs
Authorized Signing Officer

ONTARIO FINANCING HORITY

by: """"
Name: Gadi Mayman
Title: Chief Executive Officer

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SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority
("OFA") 1 Dundas Street West,
Suite 1400 Toronto, Ontario,
M7A1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____
(b) The aggregate amount of the Proposed Advance is ___
(c) The Repayment Date of the Proposed Advance is _____;
[not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street
West Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

~~SCHEDULE 3~~

~~ONTARIO POWER AUTHORITY~~

~~GRID NOTE~~

~~Principal Amount: Up to $500,000,000 Date: _____~~

~~**FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY** (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).~~

~~OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.~~

~~The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.~~

~~This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

~~This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.~~

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~~**IN WITNESS WHEREOF** the OPA has executed this Note.~~

ONTARIO POWER AUTHORITY

Per: _____

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Commented [SH26]: Confirm

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~28~~ 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

_____ Name:

_____ Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than ~~28~~7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "**Company**"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017, as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

~~**ONTARIO POWER AUTHORITY**~~

INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTORITY, a Crown ~~agncy~~agency established under the Capital Investment ~~Plance~~Plan Act, 1993~~-~~ ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its loan program, in the ~~principle~~principal amount not to exceed Two Billion Dollars ($2,000,000,000);

AND WHEREAS pursuant to Directive (·), the IESO is authorized to borrow from the OFA by way of (a) loans; (b) entering into loan agreement provided that the maximum principal amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregate principal amount not to exceed $2,000,000,000;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [SH1]: The purpose is for the FHP program, not a loan program. You'll need to include recitals about the FHP program and the purpose of this facility

Commented [WT2]: Advances?

Commented [WT3]: Advances?

SH: You'll need a copy of the draft directive from Salman

Commented [WT4]: Borrowing notice?

Commented [WT5]: Borrowing notice?
SH: You'll need a copy of the draft directive from Salman

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO~~,~~ and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; ~~and~~

(f) ~~(f~~the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Loan Period"** means the period beginning on July (•), 2017 and ending on December 31, 2047.~~

~~**"Operating Facility"**~~ **"Material Subsidiary"** means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

Commented [SH6]: No need to include. If you follow form of existing IESO-OFA credit facility, this is covered under Mandatory Repayment sections

"Note" means the ~~revolving credit facility to be made available to the~~notes of IESO ~~by the OFA~~issued under this Agreement ~~for the purposes specified in Section 2.3.~~

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving ~~long~~short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

Commented [SH7]: Must be either a short or long term credit facility

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make ~~available~~Advances to to the IESO ~~a revolving credit facility in a maximum principal amount not to exceed the Commitment.~~ The ~~IESO~~OFA shall make each Advance ~~under the short term credit facility~~ in Canadian Dollars.

Section 2.2 ~~Loan Period.~~

~~Loans under the Short Term Revolving Credit Facility can only be advanced during the Loan Period.~~

~~If the IESO wishes to extend the expiry date of the Loan Period, it shall make a written request~~

Commented [SH8]: No need to include this section, as IESO IESO hasn't asked to have this option. If you were to include, be careful with wording because there is not Long Term Credit Facility

~~to amend the Agreement to the OFA not later than one hundred and twenty (120) Business Days prior to the end of the Loan Period. Any extension of this Agreement is at the discretion of the OFA and subject to the written agreement of the parties. The request for extension shall include confirmation satisfactory to the OFA that the IESO Board has authorized a Directive extending the period for borrowing under the Agreement and that the Directive has been approved by the Minister of Energy and the Minister of Finance. Extension of the Loan Period does not increase the OFA's Commitment under the Long Term Credit Facility.~~

Commented [WT9]: Minister of Energy, Is this accurate?

~~Section 2.3~~ **Use of Proceeds.**

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT10]: I'm not sure if this still applies.

Commented [WT11]: I'm not sure if this still applies. SH: Purposes should be under FHP, so get LSB and Corp Finance to comment.

Section 2.~~4 First Advance Period and Extension Option.~~

~~Advances are subject to Sections~~ **3**~~.1, 3.2 and 3.3 under this Agreement. Extension of this Agreement is at the discretion of the OFA and conditional on an IESO Directive that authorizes such borrowing being in effect and the obtaining of any other necessary governmental approvals.~~

~~Section 2.5~~ **Commitment and ~~Revolving Nature.~~Facility Limits**

The Advances Outstanding to the IESO under the Short Term ~~Revolving~~ Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term ~~Revolving~~ Credit Facility shall revolve and no repayment under the Short Term ~~Revolving~~ Credit Facility shall reduce the Commitment.

Commented [SH12]: Need to use the defined term

Section 2.~~6~~ ~~4~~ Mandatory Repayment.

Subject to Sections 2.~~10~~5 and 5.~~1~~2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, ~~as the case may be.~~and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2047. In the event that this Agreement is amended to provide for one or more Extension Periods, such written amendment shall also specific the amended final repayment date for the purposes of this section. On each applicable payment date specified in the Credit Facility Records (as defined in Section 3.5)~~September 30, 2022.

Commented [WT13]: Credit facility is active until September 30, 2022 and fully repaid by December 31, 2047?

Section 2.~~7~~5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~8~~6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order

of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

~~(2)(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.~~

Section 2.~~9~~7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~10~~8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [SH14]: Need to discuss with OFA Legal. This may need to be the minimum per of the loan i.e. 7 days before expiry of the agreement

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made ~~on~~subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article

Commented [SH15]: Define relevant article.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business

Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO. (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

Commented [SH16]: Drafting on the revised provision needs to be completed if included

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~(2)

~~(4)~~(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Section 3.5 Evidence of Indebtedness

The IESO authorizes the OFA to open and maintain records (including electronic records) evidencing the indebtedness of IESO under each Loan including (a) the date and principal amount of each Loan advance; (b) the applicable rate of interest for each Loan; (c) the Repayment Date of each Loan and accrued interest thereon; (d) the date and amount of each payment of interest and of principal in respect of each Loan; and (e) the outstanding principal amount of each Loan from time to time (the "Credit Facility Records"). The IESO agrees that in the absence of manifest error, the Credit Facility Records kept by the OFA shall be conclusive evidence of the obligations of the IESO to the OFA under this Agreement with respect to all Loans and all other amounts owing by the IESO to the OFA under this Agreement, provided that that the failure of the OFA to record or correctly record any amount or date shall not affect the obligation of the IESO to pay the outstanding principal amount of each Loan and interest on each Loan in accordance with terms set out in this Agreement. After a request by the IESO, the OFA shall promptly advise the IESO of any entries made in the Credit Facility Records.

Commented [SH17]: Not a defined term. We also say that IESO is executing a grid note. How do the electronic records work together with the Grid Note?

Where communications between the parties are provided on an electronic basis under this Agreement, printouts or other tangible reproductions of any electronic record maintained by a party in relation to such communications shall be considered business records in any legal, administrative or other proceedings that may arise in relation to this Agreement

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.~~6~~9 Late Repayment of Loans.

Commented [SH18]: Not a defined term (same comment per following provision).

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the ~~principle~~principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on ~~December 31, 2047~~September 30, 2022 ;

Commented [WT19]: To be confirmed.

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH20]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismissed~~undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(~~i~~h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Loans until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Commented [SH21]: Not a defined term.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the

property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation

binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.~~3; and~~2.

~~(e) the IESO has been duly incorporated and organized and is validly subsisting under the Ontario Fair Hydro Plan Act, 2017 and is in good standing under the laws of Ontario.~~

Commented [SH22]: IESO was not incorporated under this Act. No need to include.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA~~ of Ontario~~.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8

GENERAL

Section 8.1 **Notices.**

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect

to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude ~~an other~~another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Commented [SH23]: Confirm

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than ~~28~~7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than ~~28~~7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

From: William Tan
To: Sarah Harris
Subject: FW: IESO_OFA FEP 2017 Credit Letter
Date: Wednesday, June 07, 2017 9:30:16 PM
Attachments: FHP_IESO_OPA Original Credit Agreement (DRAFT).docx

---

Hi Sarah,
Question for you. I understand that advances in this agreement have a minimum of 7 days and a maximum of 95 days in length. In my mind the advances are fairly short and will mature fairly quickly. However, according to the proposed FHP OIC materials it indicates a maturity of Dec 31, 2047. I left some comments in the draft as well. We can discuss this in the morning.
Also, may I come in an hour later as I stayed late to work on this.
Thanks,
Will

From: Sarah Harris
Sent: Wednesday, June 07, 2017 1:05 PM
To: William Tan
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Thanks, Will.
Sounds good.
Sarah

From: William Tan
Sent: Wednesday, June 07, 2017 1:04 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Hi Sarah,
I believe I can get you a draft end of day today or tonight. I don't have anything particularly pressing right now to pass along.

From: Sarah Harris
Sent: Wednesday, June 07, 2017 12:36 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter
HI Will,
On Monday, you initially mentioned that you thought you could provide a draft of the new credit facility today, but some things have gotten in the way. Please let me know what is on your plate (might be coming up) so I can re-delegate if needed. As mentioned, the credit facility is a high priority item which is time sensitive as it must be in place by June 30, and it must be vetted through OFA legal and negotiated with IESO.
Are you able to get provide a draft by tomorrow at 11 a.m.?
Also, please let me know if you have any questions or require any guidance on any points – if you feel it may be beneficial for me to review your draft to this point, I would be happy to do so.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:23 PM

To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter
Hi Will,
I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.
Please take a look at the attached letter, and we can discuss tomorrow.
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter
FYI.
Why it was sent to me directly, no idea.
Salman

From: Georgia Ritchie-Wust [mailto:georgia.ritchie-wust@ieso.ca]
Sent: Friday, May 12, 2017 2:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter
Hi,
At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.
If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca
Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
Postal Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

Corporate Services collaborates with you to deliver solutions and expertise that enable the IESO to achieve its goals.

Conservation: www.saveONenergy.ca[saveonenergy.ca] | Twitter: saveONenergyOnt[twitter.com] | LinkedIn: saveONenergy[linkedin.com]

Please consider our environmental responsibility before printing this email.

*"We are what we repeatedly do. **Excellence**, therefore, is not an act but a **habit**".*
.....(Aristotle)

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ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY~~ONTARIO FINANCING AUTHORITY~~

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN~~between~~:

~~A.~~ **INDEPENDENT ELECTRICTY SYSTEM OPERATOR**, as statutory corporation without share capital existing under the Electricity Act, 1998 ~~a corporation established under the *Electricity Act, 1998*~~ (~~the "~~"**IESO**~~OPA~~") (as Borrower)

AND

ONTARIO FINANCING AUTORITY, a Crown agncy established under the Capital Investment Plance Act, 1993 ("OFA" and together with the IESO, the "Parties")

~~B.~~ ~~(the "OFA")**ONTARIO FINANCING AUTHORITY**, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA"),~~

RECITALS:

WHEREAS The IESO~~OPA~~ has requested a~~n~~ short term revolving credit facility from ~~operating line of credit from the~~OFA for the purpose of its loan program, in the principle ~~OFA in the~~ amount not to exceed Two Billion Dollars~~of~~ ($2,000,000,000);

~~500~~

AND WHEREAS pursuant to Directive (·), the IESO is authorized to borrow from the OFA by way of (a) loans; (b) entering into loan agreement provided that the maximum principal amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregate principal amount not to exceed $2,000,000,000;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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~~million and the OFA has agreed to provide such a line of credit to the OPA.~~

~~NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:~~

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

~~ARTICLE 1~~
~~DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION~~

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

~~Section 1.1 Definitions.~~
~~For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:~~

~~"Advances" means advances made by the OFA to the OPA under Article 3 and "Advance" means any one of such advances.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

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"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2500 ~~b~~million.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO~~OPA~~, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

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"Loan Period" means the period beginning on July (·), 2017 and ending on December 31, 2047.

"Operating Facility" means the revolving credit facility to be made available to the IESO~~OPA~~ by the OFA~~OFA~~ under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO~~OPA~~ to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO~~OPA~~ under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the IESO~~OPA~~;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO~~OPA~~ that have not at the time been filed against the IESO~~OPA~~; provided, however, that if any such Lien or charge shall have been filed, the IESO~~OPA~~ shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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(g) any Lien the validity of which is being contested at the time by the IESO~~OPA~~ in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO~~OPA~~ will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO~~OPA~~;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO~~OPA~~ shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO~~OPA~~, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO~~OPA~~ or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short- Term Credit Facility" means the revolving long term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections and the insertion of headings are ~~and the provision of a Table of Contents are~~ for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac~~-~~cepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

~~principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.~~

Section 1.5 Non-Business~~-~~ Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY~~OPERATING FACILITY~~

Section 2.1 Availability.

The OFA~~OFA~~ agrees, on the terms and conditions of this Agreement, to make available to the IESO a revolving credit facility in a maximum principal amount not to exceed the Commitment. The IESO shall make ~~Advances to the OFA. The OFA shall make~~ each Advance under the short term credit facility in~~in~~ Canadian Dollars.

Section 2.2 Loan Perio~~Commitment and Facility Limits.~~d.

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Loans under the Short Term Revolving Credit Facility can only be advanced during the Loan Period.

If the IESO wishes to extend the expiry date of the Loan Period, it shall make a written request to amend the Agreement to the OFA not later than one hundred and twenty (120) Business Days prior to the end of the Loan Period. Any extension of this Agreement is at the discretion of the OFA and subject to the written agreement of the parties. The request for extension shall include confirmation satisfactory to the OFA that the IESO Board has authorized a Directive extending the period for borrowing under the Agreement and that the Directive has been approved by the Minister of Energy and the Minister of Finance. Extension of the Loan Period does not increase the OFA's Commitment under the Long Term Credit Facility.

Section 2.3 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.

Section 2.4 First Advance Period and Extension Option.

Advances are subject to Sections 3.1, 3.2 and 3.3 under this Agreement. Extension of this Agreement is at the discretion of the OFA and conditional on an IESO Directive that authorizes such borrowing being in effect and the obtaining of any other necessary governmental approvals.

Section 2.5 Commitment and -Revolving Nature.

The Advances Outstanding to the IESO under the Short Term Revolving Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Revolving Credit Facility shall revolve and no repayment under the Short Term Revolving Credit Facility shall reduce the Commitment.

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3 Use of Proceeds.~~

~~The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.~~

Section 2.~~6~~4 ~~Mandatory~~ Repayment.

Subject to Sections 2.~~10~~9 and 5.1, the IESO~~OPA~~ shall repay each Advance together with the interest accrued thereon on~~or~~ the applicable Repayment Date, as the case may be, ~~and~~; In any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2047~~06~~. In the event that this Agreement is amended to provide for one or more Extension Periods, such written amendment shall also specific the amended final repayment date for the purposes of this section. On each applicable payment date specified in the Credit Facility Records (as defined in Section 3.5).

Section 2.~~7~~5 Prepayments.

The IESO ~~OPA~~ is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA ~~OFA~~.

Section 2.~~8~~7 Payments under this Agreement.

(1) The IESO ~~OPA~~ shall make any payment required hereunder to be made by it to the OFA~~OFA~~, to or to the order of the OFA ~~OFA~~, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA~~OFA~~ to the IESO~~OPA~~ from time to time, or in such other manner as the OFA~~OFA~~ may specify to the IESO~~OPA~~ from time to time. The IESO~~OPA~~ shall make each such payment in Canadian Dollars.

(2) The OFA~~OFA~~ shall make Advances to the IESO ~~OPA~~ under this Agreement to or to the order of the IESO~~OPA~~ by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO~~OPA~~ to the OFA~~OFA~~ from time to time, or in such other manner as the IESO~~OPA~~ may specify to the OFA~~OFA~~ from time to time.

Section 2.~~9~~8 Computations ~~of~~ Interest.

(1) All computations of interest shall be made by the OFA~~OFA~~ taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the

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first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

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Section 2.10~~9~~ Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the Operating Facility from time to time on any Business Day prior to August~~November~~ 3~~1~~0, 2022~~06~~.

Section 3.2 **Procedure for Advances.**

~~(1)~~ Subject to Section 3.3(3), each Advance shall be made on two~~one~~ Business Day~~'~~s~~'~~ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO ~~OPA~~ to the OFA~~OFA~~. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO~~OPA~~ and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7~~1~~ days~~month~~ and not later than 95 days after the date of the requested Advance. ~~2 months or 3 months after the requested date of the Advance.~~

(1) The OFA ~~OFA~~ will make the principal amount of each Advance available to the IESO~~OPA~~ in accordance with Article 2.

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA~~OFA~~ a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO~~OPA~~ authorizes the OFA~~OFA~~ to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA~~OFA~~ to record any amount, rate or date shall not affect the obligation of the IESO~~OPA~~ to pay the Advances Outstanding and all interest accrued thereon and any other amounts

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due under this Agreement.

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Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The IESO~~OPA~~ may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days~~1 month, 2 months or 3 months~~ beginning on the then current Repayment Date in accordance with Section 3.3(2).

~~(1)~~(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO~~OPA~~ to the OFA~~OFA~~. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO~~OPA~~. (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~

~~(2)~~(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The IESO~~OPA~~ shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province~~OFA's cost of funds for borrowings with a similar term as

(2) determined by the OFA~~OFA~~ plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA~~OFA~~ by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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~~(3)~~ If the IESO~~OPA~~ elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO~~OPA~~ promissory note in respect of Advances held by it.

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Section 3.5 Conditions Precedent

The obligation of the IESO ~~OFA~~ to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA~~OFA~~'s satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO~~OPA~~ contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA~~OFA~~, have been no material adverse change in the financial condition of the IESO~~OPA~~; and

(d) that the OFA~~OFA~~ has received such other documentation which it has reasonably requested to ensure that the IESO~~OPA~~ is in compliance with the terms~~ms~~ and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO~~OPA~~ confirming that the borrowing is within the legal powers of the IESO~~OPA~~ and that the Agreement is a direct, unsecured obligation of the IESO~~OPA~~ enforceable against the IESO~~OPA~~ in form satisfactory to the OFA~~OFA~~.

Section 3.5 Evidence of Indebtedness

The IESO authorizes the OFA to open and maintain records (including electronic records) evidencing the indebtedness of IESO under each Loan including (a) the date and principal amount of each Loan advance; (b) the applicable rate of interest for each Loan; (c) the Repayment Date of each Loan and accrued interest thereon; (d) the date and amount of each payment of interest and of principal in respect of each Loan; and (e) the outstanding principal amount of each Loan from time to time (the "Credit Facility Records"). The IESO agrees that in the absence of manifest error, the Credit Facility Records kept by the OFA shall be conclusive evidence of the obligations of the IESO to the OFA under this Agreement with respect to all Loans and all other amounts owing by the IESO to the OFA under this Agreement, provided that that the failure of the OFA to record or correctly record any amount or date shall not affect the obligation of the IESO to pay the outstanding principal amount of each Loan and interest on each Loan in accordance with terms set out in this Agreement. After a request by the IESO, the OFA shall promptly advise the IESO of any entries made in the Credit Facility Records.

Where communications between the parties are provided on an electronic basis under this Agreement, printouts or other tangible reproductions of any electronic record maintained by a party in relation to such communications shall be considered business records in any legal, administrative or other proceedings that may arise in relation to this Agreement

ARTICLE 4

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COVENANTS OF THE

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Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

~~The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Section 4.2 IESO~~OPA~~ will ~~Maintain~~Maintain its Corporate Existence.

The IESO~~OPA~~ will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO~~OPA~~ will cause all property owned by the IESO~~OPA~~ to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO~~OPA~~ may be necessary for the proper operation of such property, except as and to the extent that the IESO~~OPA~~ may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO~~OPA~~ from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO~~OPA~~ , desirable in the conduct of its business.

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Section 4.4 Insurance.

The IESO~~OPA~~ will cause all property owned by the IESO~~OPA~~ which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO~~OPA~~ will not create, incur or assume any Lien, charging the interest of the IESO~~OPA~~ in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO~~OPA~~ to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO~~OPA~~ in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

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Section 4.7 Payment of OFA~~OFA~~ Expenses

The IESO~~OPA~~ will, on demand, reimburse and indemnify OFA~~OFA~~ for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA ~~OFA~~ in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA~~OFA~~ as a result of any failure by the IESO~~OPA~~ to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA~~OFA~~) calculated and payable monthly not in advance from in each case from the date on which the OFA~~OFA~~ incurs the cost, charge or expense until the date on which the IESO~~OPA~~ reimbursement the OFA~~OFA~~ therefor. The OFA ~~OFA~~ agrees, acting reasonably, to invoice the IESO~~OPA~~ for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.6 Late Repayment of Loans.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following;

(a) the IESO's failure to pay the principle amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

~~(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 204706;

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(c) failure on the part of the IESO~~OPA~~ to observe or perform its obligations set forth in Section 4.1;

(d~~e~~) ~~———~~failure on the part of the IESO~~OPA~~ to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO~~ OPA~~ by the OFA~~OFA~~;

(e~~f~~) any representation or warranty made by the IESO~~OPA~~ in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA~~OFA~~ was incorrect or misleading in any material respect;

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(f) one or more breaches by the IESO~~OPA~~ of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final ~~-~~Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(i)

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO~~OPA~~:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

~~(B)~~(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed ~~-~~ or ~~,~~ unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

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official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(i) if there shall be rendered against the ~~OPA~~IESO a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; ~~Rescission and~~Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Loans until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

~~If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.~~

Section 5.3 Suits for Enforcement by the OFA~~OFA~~.

If an Event of Default occurs and is continuing, the OFA~~OFA~~ may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA ~~OFA~~ by this Agreement or by law.

Section 5.4 ~~—~~OFA May File Proof of Claim.

If proceedings ~~-~~for the receivership, ~~-~~insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in

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such proceeding or otherwise;

~~(a)~~ to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

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(a)

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 ~~Representations and~~Representations and Warranties of IESO~~OPA~~

The ~~OPA~~IESO represents and warrants to the OFA~~OFA~~ that;

(a) the borrowing of money (including principal and accrued interest) by the IESO~~OPA~~ and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO~~OPA~~ and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO~~OPA~~, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO~~OPA~~ or any contractual or other obligation binding on the IESO~~OPA~~;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms;~~and~~

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(d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.3; and

(e) the IESO has been duly incorporated and organized and is validly subsisting under the Ontario Fair Hydro Plan Act, 2017 and is in good standing under the laws of Ontario.

~~(d)~~

Section 6.2 Continuation of Representation ~~-~~and Warranties

The representations~~-~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA~~OFA~~, notwithstanding any investigations or examinations which may be made by counsel for the OFA~~OFA~~.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA of Ontario.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
~~7~~ GENERAL

Section 8~~7~~.1~~1~~ Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic ~~communication addressed~~communication addressed:

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If to the IESO~~OPA~~, to it at:

Independent Electricity System Operator
~~Ontario Power Authority 880 Bay Street~~120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON M5H 1T1~~ M7A 2C~~

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

~~Attention: Chief Executive Officer Telephone:~~
~~Telecopier:~~

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

~~Attention:~~
~~Telephone:~~
~~Telecopier:~~

~~Executive Director – Capital Markets Division (416) 325-8128~~
~~(416) 325-8005~~

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 87.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 87.1.

Section 87.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 87.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section 87.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise
of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 87.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section 87.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 87.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 87.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

~~**IN WITNESS WHEREOF** the parties have executed this Agreement as of the 1st day of January, 2005.~~

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn awrence
Authorized Signing Officer

and: _____
Name: Ricgs
Authorized Signing Officer

ONTARIO FINANCING HORITY

by: _____
Name: Gadi Mayman
Title: Chief Executive Officer

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority
("OFA") 1 Dundas Street West,
Suite 1400 Toronto, Ontario,
M7A1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____

(b) The aggregate amount of the Proposed Advance is ___

(c) The Repayment Date of the Proposed Advance is _____;
[not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street
West Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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~~**IN WITNESS WHEREOF** the OPA has executed this Note.~~

ONTARIO POWER AUTHORITY

Per: _____
~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____
~~Rick Jennings~~
~~Authorized Signatory~~

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

_____

Name:

_____ Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "**Company**"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017, as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

From: William Tan
To: Sarah Harris
Subject: FW: IESO_OFA FEP 2017 Credit Letter
Date: Wednesday, June 07, 2017 9:30:16 PM
Attachments: FHP_IESO_OPA Original Credit Agreement (DRAFT).docx

---

Hi Sarah,
Question for you. I understand that advances in this agreement have a minimum of 7 days and a maximum of 95 days in length. In my mind the advances are fairly short and will mature fairly quickly. However, according to the proposed FHP OIC materials it indicates a maturity of Dec 31, 2047. I left some comments in the draft as well. We can discuss this in the morning.
Also, may I come in an hour later as I stayed late to work on this.
Thanks,
Will

From: Sarah Harris
Sent: Wednesday, June 07, 2017 1:05 PM
To: William Tan
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Thanks, Will.
Sounds good.
Sarah

From: William Tan
Sent: Wednesday, June 07, 2017 1:04 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Hi Sarah,
I believe I can get you a draft end of day today or tonight. I don't have anything particularly pressing right now to pass along.

From: Sarah Harris
Sent: Wednesday, June 07, 2017 12:36 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter
HI Will,
On Monday, you initially mentioned that you thought you could provide a draft of the new credit facility today, but some things have gotten in the way. Please let me know what is on your plate (might be coming up) so I can re-delegate if needed. As mentioned, the credit facility is a high priority item which is time sensitive as it must be in place by June 30, and it must be vetted through OFA legal and negotiated with IESO.
Are you able to get provide a draft by tomorrow at 11 a.m.?
Also, please let me know if you have any questions or require any guidance on any points – if you feel it may be beneficial for me to review your draft to this point, I would be happy to do so.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:23 PM

To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter
Hi Will,
I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.
Please take a look at the attached letter, and we can discuss tomorrow.
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter
FYI.
Why it was sent to me directly, no idea.
Salman

From: Georgia Ritchie-Wust [mailto:georgia.ritchie-wust@ieso.ca]
Sent: Friday, May 12, 2017 2:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter
Hi,
At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.
If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca
Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
Postal Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

Corporate Services collaborates with you to deliver solutions and expertise that enable the IESO to achieve its goals.

Conservation: www.saveONenergy.ca[saveonenergy.ca] | Twitter: saveONenergyOnt[twitter.com] | LinkedIn: saveONenergy[linkedin.com]

Please consider our environmental responsibility before printing this email.

*"We are what we repeatedly do. **Excellence**, therefore, is not an act but a **habit**".*
.....(Aristotle)

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY~~ONTARIO FINANCING AUTHORITY~~

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN~~between~~:

~~A.~~ **INDEPENDENT ELECTRICTY SYSTEM OPERATOR**, as statutory corporation without share capital existing under the Electricity Act, 1998 ~~a corporation established under the *Electricity Act, 1998*~~ (~~the "~~"**IESO**~~OPA~~") (as Borrower)

AND

ONTARIO FINANCING AUTORITY, a Crown agncy established under the Capital Investment Plance Act, 1993 ("OFA" and together with the IESO, the "Parties")

~~B.~~ ~~(the "OFA")**ONTARIO FINANCING AUTHORITY**, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA"),~~

RECITALS:

WHEREAS The IESO~~OPA~~ has requested a~~n~~ short term revolving credit facility from ~~operating line of credit from the~~OFA for the purpose of its loan program, in the principle ~~OFA in the~~ amount not to exceed Two Billion Dollars~~of~~ ($2,000,000,000);

~~500~~

AND WHEREAS pursuant to Directive (·), the IESO is authorized to borrow from the OFA by way of (a) loans; (b) entering into loan agreement provided that the maximum principal amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregate principal amount not to exceed $2,000,000,000;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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~~million and the OFA has agreed to provide such a line of credit to the OPA.~~

~~NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:~~

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

~~ARTICLE 1~~
~~DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION~~

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

~~Section 1.1 Definitions.~~
~~For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:~~

~~"Advances" means advances made by the OFA to the OPA under Article 3 and "Advance" means any one of such advances.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

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"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2500 ~~b~~million.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO~~OPA~~, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

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"Loan Period" means the period beginning on July (·), 2017 and ending on December 31, 2047.

"Operating Facility" means the revolving credit facility to be made available to the IESO~~OPA~~ by the OFA~~OFA~~ under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO~~OPA~~ to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO~~OPA~~ under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the IESO~~OPA~~;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO~~OPA~~ that have not at the time been filed against the IESO~~OPA~~; provided, however, that if any such Lien or charge shall have been filed, the IESO~~OPA~~ shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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(g) any Lien the validity of which is being contested at the time by the IESO~~OPA~~ in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO~~OPA~~ will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO~~OPA~~;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO~~OPA~~ shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO~~OPA~~, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO~~OPA~~ or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short- Term Credit Facility" means the revolving long term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections and the insertion of headings are ~~and the provision of a Table of Contents are~~ for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac~~-~~cepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

~~principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.~~

Section 1.5 Non-Business~~-~~ Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY~~OPERATING FACILITY~~

Section 2.1 Availability.

The OFA~~OFA~~ agrees, on the terms and conditions of this Agreement, to make available to the IESO a revolving credit facility in a maximum principal amount not to exceed the Commitment. The IESO shall make ~~Advances to the OFA. The OFA shall make~~ each Advance under the short term credit facility in~~in~~ Canadian Dollars.

Section 2.2 Loan Perio~~Commitment and Facility Limits.~~d.

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Loans under the Short Term Revolving Credit Facility can only be advanced during the Loan Period.

If the IESO wishes to extend the expiry date of the Loan Period, it shall make a written request to amend the Agreement to the OFA not later than one hundred and twenty (120) Business Days prior to the end of the Loan Period. Any extension of this Agreement is at the discretion of the OFA and subject to the written agreement of the parties. The request for extension shall include confirmation satisfactory to the OFA that the IESO Board has authorized a Directive extending the period for borrowing under the Agreement and that the Directive has been approved by the Minister of Energy and the Minister of Finance. Extension of the Loan Period does not increase the OFA's Commitment under the Long Term Credit Facility.

Section 2.3 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.

Section 2.4 First Advance Period and Extension Option.

Advances are subject to Sections 3.1, 3.2 and 3.3 under this Agreement. Extension of this Agreement is at the discretion of the OFA and conditional on an IESO Directive that authorizes such borrowing being in effect and the obtaining of any other necessary governmental approvals.

Section 2.5 Commitment and -Revolving Nature.

The Advances Outstanding to the IESO under the Short Term Revolving Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Revolving Credit Facility shall revolve and no repayment under the Short Term Revolving Credit Facility shall reduce the Commitment.

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3 Use of Proceeds.~~

~~The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.~~

Section 2.~~6~~4 ~~Mandatory~~ Repayment.

Subject to Sections 2.~~10~~9 and 5.1, the IESO~~OPA~~ shall repay each Advance together with the interest accrued thereon on~~or~~ the applicable Repayment Date, as the case may be, ~~and~~; In any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2047~~06~~. In the event that this Agreement is amended to provide for one or more Extension Periods, such written amendment shall also specific the amended final repayment date for the purposes of this section. On each applicable payment date specified in the Credit Facility Records (as defined in Section 3.5).

Section 2.~~7~~5 Prepayments.

The IESO ~~OPA~~ is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA ~~OFA~~.

Section 2.~~8~~7 Payments under this Agreement.

(1) The IESO ~~OPA~~ shall make any payment required hereunder to be made by it to the OFA~~OFA~~, to or to the order of the OFA ~~OFA~~, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA~~OFA~~ to the IESO~~OPA~~ from time to time, or in such other manner as the OFA~~OFA~~ may specify to the IESO~~OPA~~ from time to time. The IESO~~OPA~~ shall make each such payment in Canadian Dollars.

(2) The OFA~~OFA~~ shall make Advances to the IESO ~~OPA~~ under this Agreement to or to the order of the IESO~~OPA~~ by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO~~OPA~~ to the OFA~~OFA~~ from time to time, or in such other manner as the IESO~~OPA~~ may specify to the OFA~~OFA~~ from time to time.

Section 2.~~9~~8 Computations ~~of~~ Interest.

(1) All computations of interest shall be made by the OFA~~OFA~~ taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the

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first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

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Section 2.10~~9~~ Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the Operating Facility from time to time on any Business Day prior to August~~November~~ 3~~1~~0, 2022~~06~~.

Section 3.2 **Procedure for Advances.**

~~(1)~~ Subject to Section 3.3(3), each Advance shall be made on two~~one~~ Business Day~~'~~s~~'~~ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO ~~OPA~~ to the OFA~~OFA~~. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO~~OPA~~ and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7~~1~~ days~~month~~ and not later than 95 days after the date of the requested Advance. ~~2 months or 3 months after the requested date of the Advance.~~

(1) The OFA ~~OFA~~ will make the principal amount of each Advance available to the IESO~~OPA~~ in accordance with Article 2.

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA~~OFA~~ a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO~~OPA~~ authorizes the OFA~~OFA~~ to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA~~OFA~~ to record any amount, rate or date shall not affect the obligation of the IESO~~OPA~~ to pay the Advances Outstanding and all interest accrued thereon and any other amounts

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due under this Agreement.

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Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The IESO~~OPA~~ may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days~~1 month, 2 months or 3 months~~ beginning on the then current Repayment Date in accordance with Section 3.3(2).

~~(1)~~(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO~~OPA~~ to the OFA~~OFA~~. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO~~OPA~~. (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~

~~(2)~~(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The IESO~~OPA~~ shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province~~OFA's cost of funds for borrowings with a similar term as

(2) determined by the OFA~~OFA~~ plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA~~OFA~~ by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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~~(3)~~ If the IESO~~OPA~~ elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO~~OPA~~ promissory note in respect of Advances held by it.

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Section 3.5 Conditions Precedent

The obligation of the IESO ~~OFA~~ to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA~~OFA~~'s satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO~~OPA~~ contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA~~OFA~~, have been no material adverse change in the financial condition of the IESO~~OPA~~; and

(d) that the OFA~~OFA~~ has received such other documentation which it has reasonably requested to ensure that the IESO~~OPA~~ is in compliance with the terms~~ms~~ and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO~~OPA~~ confirming that the borrowing is within the legal powers of the IESO~~OPA~~ and that the Agreement is a direct, unsecured obligation of the IESO~~OPA~~ enforceable against the IESO~~OPA~~ in form satisfactory to the OFA~~OFA~~.

Section 3.5 Evidence of Indebtedness

The IESO authorizes the OFA to open and maintain records (including electronic records) evidencing the indebtedness of IESO under each Loan including (a) the date and principal amount of each Loan advance; (b) the applicable rate of interest for each Loan; (c) the Repayment Date of each Loan and accrued interest thereon; (d) the date and amount of each payment of interest and of principal in respect of each Loan; and (e) the outstanding principal amount of each Loan from time to time (the "Credit Facility Records"). The IESO agrees that in the absence of manifest error, the Credit Facility Records kept by the OFA shall be conclusive evidence of the obligations of the IESO to the OFA under this Agreement with respect to all Loans and all other amounts owing by the IESO to the OFA under this Agreement, provided that that the failure of the OFA to record or correctly record any amount or date shall not affect the obligation of the IESO to pay the outstanding principal amount of each Loan and interest on each Loan in accordance with terms set out in this Agreement. After a request by the IESO, the OFA shall promptly advise the IESO of any entries made in the Credit Facility Records.

Where communications between the parties are provided on an electronic basis under this Agreement, printouts or other tangible reproductions of any electronic record maintained by a party in relation to such communications shall be considered business records in any legal, administrative or other proceedings that may arise in relation to this Agreement

ARTICLE 4

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COVENANTS OF THE

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Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

~~The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Section 4.2 IESO~~OPA~~ will ~~Maintain~~Maintain its Corporate Existence.

The IESO~~OPA~~ will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO~~OPA~~ will cause all property owned by the IESO~~OPA~~ to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO~~OPA~~ may be necessary for the proper operation of such property, except as and to the extent that the IESO~~OPA~~ may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO~~OPA~~ from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO~~OPA~~ , desirable in the conduct of its business.

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Section 4.4 Insurance.

The IESO~~OPA~~ will cause all property owned by the IESO~~OPA~~ which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO~~OPA~~ will not create, incur or assume any Lien, charging the interest of the IESO~~OPA~~ in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO~~OPA~~ to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO~~OPA~~ in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

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Section 4.7 Payment of OFA~~OFA~~ Expenses

The IESO~~OPA~~ will, on demand, reimburse and indemnify OFA~~OFA~~ for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA ~~OFA~~ in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA~~OFA~~ as a result of any failure by the IESO~~OPA~~ to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA~~OFA~~) calculated and payable monthly not in advance from in each case from the date on which the OFA~~OFA~~ incurs the cost, charge or expense until the date on which the IESO~~OPA~~ reimbursement the OFA~~OFA~~ therefor. The OFA ~~OFA~~ agrees, acting reasonably, to invoice the IESO~~OPA~~ for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.6 Late Repayment of Loans.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following;

(a) the IESO's failure to pay the principle amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

~~(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 204706;

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(c) failure on the part of the IESO~~OPA~~ to observe or perform its obligations set forth in Section 4.1;

(d~~e~~) ~~———~~failure on the part of the IESO~~OPA~~ to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO~~ OPA~~ by the OFA~~OFA~~;

(e~~f~~) any representation or warranty made by the IESO~~OPA~~ in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA~~OFA~~ was incorrect or misleading in any material respect;

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(f) one or more breaches by the IESO~~OPA~~ of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final ~~-~~Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(i)

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO~~OPA~~:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

~~(B)~~(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed ~~-~~ or ~~,~~ unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

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official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(i) if there shall be rendered against the ~~OPA~~IESO a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; ~~Rescission and~~Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Loans until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

~~If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.~~

Section 5.3 Suits for Enforcement by the OFA~~OFA~~.

If an Event of Default occurs and is continuing, the OFA~~OFA~~ may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA ~~OFA~~ by this Agreement or by law.

Section 5.4 ~~—~~OFA May File Proof of Claim.

If proceedings ~~-~~for the receivership, ~~-~~insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in

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such proceeding or otherwise;

~~(a)~~ to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

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(a)

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 ~~Representations and~~Representations and Warranties of IESO~~OPA~~

The ~~OPA~~IESO represents and warrants to the OFA~~OFA~~ that;

(a) the borrowing of money (including principal and accrued interest) by the IESO~~OPA~~ and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO~~OPA~~ and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO~~OPA~~, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO~~OPA~~ or any contractual or other obligation binding on the IESO~~OPA~~;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms;~~and~~

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(d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.3; and

(e) the IESO has been duly incorporated and organized and is validly subsisting under the Ontario Fair Hydro Plan Act, 2017 and is in good standing under the laws of Ontario.

~~(d)~~

Section 6.2 Continuation of Representation ~~-~~and Warranties

The representations~~-~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA~~OFA~~, notwithstanding any investigations or examinations which may be made by counsel for the OFA~~OFA~~.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA of Ontario.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
~~7~~ GENERAL

Section 8~~7~~.1~~1~~ Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic ~~communication addressed~~communication addressed:

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If to the IESO~~OPA~~, to it at:

Independent Electricity System Operator
~~Ontario Power Authority 880 Bay Street~~120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON M5H 1T1~~ M7A 2C~~

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

~~Attention: Chief Executive Officer Telephone:~~
~~Telecopier:~~

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

~~Attention:~~
~~Telephone:~~
~~Telecopier:~~

~~Executive Director – Capital Markets Division (416) 325-8128~~
~~(416) 325-8005~~

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 87.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 87.1.

Section 87.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 87.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section 87.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise
of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 87.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section 87.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 87.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 87.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

~~**IN WITNESS WHEREOF** the parties have executed this Agreement as of the 1st day of January, 2005.~~

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn awrence
Authorized Signing Officer

and: _____
Name: Ricgs
Authorized Signing Officer

ONTARIO FINANCING HORITY

by: _____
Name: Gadi Mayman
Title: Chief Executive Officer

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority
("OFA") 1 Dundas Street West,
Suite 1400 Toronto, Ontario,
M7A1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____

(b) The aggregate amount of the Proposed Advance is ___

(c) The Repayment Date of the Proposed Advance is _____;
[not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street
West Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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~~**IN WITNESS WHEREOF** the OPA has executed this Note.~~

ONTARIO POWER AUTHORITY

Per: _____
~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____
~~Rick Jennings~~
~~Authorized Signatory~~

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

_____

Name:

_____ Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "**Company**"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017, as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

From:	Sarah Harris
To:	William Tan
Subject:	FW: IESO_OFA FEP 2017 Credit Letter
Date:	Tuesday, May 30, 2017 2:22:56 PM
Attachments:	IESO_OFA FHP 2017 Credit Letter.docx

Hi Will,

I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.

Please take a look at the attached letter, and we can discuss tomorrow.

Thanks,

Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris
Subject: FW: IESO_OFA FEP 2017 Credit Letter

FYI.

Why it was sent to me directly, no idea.

Salman

From: Georgia Ritchie-Wust [mailto:georgia.ritchie-wust@ieso.ca]
Sent: Friday, May 12, 2017 2:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter

Hi,

At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.

If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca

Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
Postal Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

Corporate Services collaborates with you to deliver solutions and expertise that enable the IESO to achieve its goals.

Conservation: www.saveONenergy.ca[saveonenergy.ca] | Twitter: saveONenergyOnt[twitter.com] | LinkedIn: saveONenergy[linkedin.com]

Please consider our environmental responsibility before printing this email.

*"We are what we repeatedly do. **Excellence**, therefore, is not an act but a **habit**".*
.....(Aristotle)

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any

dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

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IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
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We suggest the new FHP credit facility consider the following key provisions:

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- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Sarah Harris
To:	William Tan
Subject:	FW: IESO_OFA FEP 2017 Credit Letter
Date:	Tuesday, May 30, 2017 2:22:56 PM
Attachments:	IESO_OFA FHP 2017 Credit Letter.docx

Hi Will,

I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.

Please take a look at the attached letter, and we can discuss tomorrow.

Thanks,

Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris
Subject: FW: IESO_OFA FEP 2017 Credit Letter

FYI.

Why it was sent to me directly, no idea.

Salman

From: Georgia Ritchie-Wust [mailto:georgia.ritchie-wust@ieso.ca]
Sent: Friday, May 12, 2017 2:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter

Hi,

At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.

If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca

Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
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Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

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We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
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Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Salman Qadir
To:	Sarah Harris
Subject:	FW: IESO_OFA FEP 2017 Credit Letter
Date:	Tuesday, May 23, 2017 1:47:15 PM
Attachments:	IESO_OFA FHP 2017 Credit Letter.docx

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Sent: Friday, May 12, 2017 2:08 PM

To: Gadi Mayman ; Mike Manning ; Salman Qadir

Cc: Anthony Martinello ; Kim Marshall

Subject: IESO_OFA FEP 2017 Credit Letter

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Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Sarah Harris
To:	Lisa Stein
Subject:	FW: IESO_OFA FEP 2017 Credit Letter
Date:	Tuesday, June 20, 2017 12:46:32 PM
Attachments:	FHP_IESO_OPA Original Credit Agreement (DRAFT) SH Initial comments.docx FHP_IESO_OPA Original Credit Agreement (DRAFT) Compare.docx

---

Hi Lisa,
I'm sending this to you for a quick discussion re: material subsidiary. Don't bother opening it; I'll come down and quickly explain. Whether we keep or strip Material Subsidiary, the compare shows all the additions of this.
Sarah

From: Sarah Harris
Sent: Friday, June 09, 2017 1:01 PM
To: William Tan
Subject: RE: IESO_OFA FEP 2017 Credit Letter

From: William Tan
Sent: Wednesday, June 07, 2017 9:30 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter
Hi Sarah,
Question for you. I understand that advances in this agreement have a minimum of 7 days and a maximum of 95 days in length. In my mind the advances are fairly short and will mature fairly quickly. However, according to the proposed FHP OIC materials it indicates a maturity of Dec 31, 2047. I left some comments in the draft as well. We can discuss this in the morning.
Also, may I come in an hour later as I stayed late to work on this.
Thanks,
Will

From: Sarah Harris
Sent: Wednesday, June 07, 2017 1:05 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Thanks, Will.
Sounds good.
Sarah

From: William Tan
Sent: Wednesday, June 07, 2017 1:04 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Hi Sarah,
I believe I can get you a draft end of day today or tonight. I don't have anything particularly pressing right now to pass along.

From: Sarah Harris
Sent: Wednesday, June 07, 2017 12:36 PM
To: William Tan <William.Tan@ofina.on.ca>

Subject: RE: IESO_OFA FEP 2017 Credit Letter

HI Will,

On Monday, you initially mentioned that you thought you could provide a draft of the new credit facility today, but some things have gotten in the way. Please let me know what is on your plate (might be coming up) so I can re-delegate if needed. As mentioned, the credit facility is a high priority item which is time sensitive as it must be in place by June 30, and it must be vetted through OFA legal and negotiated with IESO.

Are you able to get provide a draft by tomorrow at 11 a.m.?

Also, please let me know if you have any questions or require any guidance on any points – if you feel it may be beneficial for me to review your draft to this point, I would be happy to do so.

Thanks,

Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:23 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

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To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

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INDEPENDENT ELECTRICTY SYSTEM OPERATOR ~~ONTARIO POWER AUTHORITY~~

as Borrower

and

ONTARIO FINANCING AUTHORITY~~ONTARIO FINANCING AUTHORITY~~

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN~~between~~:

~~A.~~ **INDEPENDENT ELECTRICTY SYSTEM OPERATOR**, as statutory corporation without share capital existing under the Electricity Act, 1998 ~~a corporation established under the *Electricity Act, 1998*~~ (~~the "~~"**IESO**~~OPA~~") (as Borrower)

AND

ONTARIO FINANCING AUTORITY, a Crown ~~agency~~agency established under the Capital Investment Plan~~ce~~ Act, ~~1993 (~~1993 ("OFA" and together with the IESO, the "Parties")

~~B. (the "OFA")ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA"),~~

RECITALS**:**

WHEREAS The IESO~~OPA~~ has requested a~~n~~ short term revolving credit facility from ~~operating line of credit from the~~OFA for the purpose of its loan program, in the princip~~leal~~ ~~OFA in the~~ amount not to exceed Two Billion Dollars~~of~~ ($2,000,000,000);

~~500~~

AND WHEREAS pursuant to Directive (·), the IESO is authorized to borrow from the OFA by way of (a) loans; (b) entering into loan agreement provided that the maximum principal amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregate principal amount not to exceed $2,000,000,000;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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~~million and the OFA has agreed to provide such a line of credit to the OPA.~~

~~NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:~~

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

~~ARTICLE 1~~
~~DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION~~

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

~~Section 1.1 Definitions.~~
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"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

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"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2500 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(e)(f) and the Swap Termination Value of each Swap Contract of such Person; and

(gf) every obligation of the type referred to in paragraphs (a) through (fe) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Loan Period"** means the period beginning on July (·), 2017 and ending on December 31, 2047.~~

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

~~**"Operating Facility"** means the revolving credit facility to be made available to the IESOOPA by the OFAOFA under this Agreement for the purposes specified in Section 2.3.~~

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO~~OPA~~ to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary ~~OPA~~ under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the IESO or such Material Subsidiary~~OPA~~;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary ~~OPA~~ that have not at the time been filed against

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the IESO or such Material Subsidiary~~OPA~~; provided, however, that if any such Lien or charge shall have been filed, the IESO~~OPA~~ or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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(g) any Lien the validity of which is being contested at the time by the IESO or a Material SubsidiaryOPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESOOPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material SubsidiaryOPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESOOPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESOOPA or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving ~~long~~short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

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Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings are ~~nd the provision of a Table of Contents are~~ for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac~~-~~cepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

~~principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.~~

Section 1.5 Non-Business ~~-~~ Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING ~~-~~ CREDIT FACILITY~~OPERATING FACILITY~~

Section 2.1 Availability.

The OFA~~OFA~~ agrees, on the terms and conditions of this Agreement, to make Advances to ~~available~~ to the IESO. ~~a revolving credit facility in a maximum principal amount not to exceed the Commitment.~~ The ~~IESO~~OFA shall make ~~Advances to the OPA. The OFA shall make~~ each Advance ~~under the short term credit facility in~~ in Canadian Dollars.

~~**Section 2.2 Loan PerioCommitment and Facility Limits.d.**~~

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~~Loans under the Short Term Revolving Credit Facility can only be advanced during the Loan Period.~~

~~If the IESO wishes to extend the expiry date of the Loan Period, it shall make a written request to amend the Agreement to the OFA not later than one hundred and twenty (120) Business Days prior to the end of the Loan Period. Any extension of this Agreement is at the discretion of the OFA and subject to the written agreement of the parties. The request for extension shall include confirmation satisfactory to the OFA that the IESO Board has authorized a Directive extending the period for borrowing under the Agreement and that the Directive has been approved by the Minister of Energy and the Minister of Finance. Extension of the Loan Period does not increase the OFA's Commitment under the Long Term Credit Facility.~~

Section 2.3~~2~~ Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.

~~Section 2.4 First Advance Period and Extension Option.~~

~~Advances are subject to Sections 3.1, 3.2 and 3.3 **under this Agreement. Extension of this Agreement is at the discretion of the** OFA **and conditional on an** IESO Directive **that authorizes such borrowing being in effect and the obtaining of any other necessary governmental approvals.**~~

Section 2.3~~5~~ Commitment and Facility Limits ~~Revolving Nature.~~

The Advances Outstanding to the IESO under the Short Term ~~Revolving~~ Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term ~~Revolving~~ Credit Facility shall revolve and no repayment under the Short Term ~~Revolving~~ Credit Facility shall reduce the Commitment.

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3 Use of Proceeds~~

~~The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.~~

Section 2.4~~6~~4 Mandatory~~-~~ Repayment.

Subject to Sections 2.5~~10~~9 and 5.~~1~~2, the IESO~~OPA~~ shall repay each Advance together with the interest accrued thereon on~~on~~ the applicable Repayment Date, and, ~~as the case may be, and, i~~In in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022. ~~December 31, 20470~~6. ~~In the event that this Agreement is amended to provide for one or more Extension Periods, such written amendment shall also specific the amended final repayment date for the purposes of this section. On each applicable payment date specified in the Credit Facility Records (as defined in Section 3.5).~~

Section 2.5~~7~~5 Prepayments.

The IESO~~ OPA~~ is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA~~ OFA~~.

Section 2.6~~8~~7 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO~~ OPA~~ shall make any payment required hereunder to be made by it to the OFA~~OFA~~, to or to the order of the OFA~~ OFA~~, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA~~OFA~~ to the IESO~~OPA~~ from time to time, or in such other manner as the OFA~~OFA~~ may specify to the IESO~~OPA~~ from time to time. The IESO~~OPA~~ shall make each such payment in Canadian Dollars.

~~(2) The OFAOFA shall make Advances to the IESO OPA under this Agreement to or to the order of the IESOOPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESOOPA to the OFAOFA from time to time, or in such other manner as the IESOOPA may specify to the OFAOFA from time to time.~~

Section 2.7~~9~~8 Computations ~~of~~ Interest.

(1) All computations of interest shall be made by the OFA~~OFA~~ taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366

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days, as the case may be.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

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Section 2.~~1089~~ Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~98~~(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province

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ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the Short-Term Credit ~~Operating~~ Facility from time to time on any Business Day prior to August~~November~~ 3~~10~~, 2022~~06~~.

Section 3.2 **Procedure for Advances.**

~~(1)~~ Subject to Section 3.3(3), each Advance shall be made subject to~~on~~ two~~one~~ Business Day~~'~~s~~'~~ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO ~~OPA~~ to the OFA~~OFA~~. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO~~OPA~~ and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7~~1~~ days~~month~~ and not later than 95 days after the date of the requested Advance. ~~2 months or 3 months after the requested date of the Advance.~~

(1) The OFA ~~OFA~~ will make the principal amount of each Advance available to the IESO~~OPA~~ in accordance with Article

2.

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA~~OFA~~ a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO~~OPA~~ authorizes the OFA~~OFA~~ to record on the grid promissory note (a) the

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date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each~~h~~

h payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA~~OFA~~ to record any amount, rate or date shall not affect the obligation of the IESO~~OPA~~ to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The IESO~~OPA~~ may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days~~1 month, 2 months or 3 months~~ beginning on the then current Repayment Date in accordance with Section 3.3(2).

~~(1)~~(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO~~OPA~~ to the OFA~~ OFA~~. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO~~OPA~~. (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

~~(2)~~

Section 3.4 Interest on Advances.

(1) The IESO~~OPA~~ shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province~~OFA's cost of funds for borrowings with a similar term as determined by the OFA~~OFA~~ plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on

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an Advance will be calculated by the OFA~~OFA~~ by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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(3) If the IESO~~OPA~~ elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO~~OPA~~ promissory note in respect of Advances held by it.

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Section 3.5 Conditions Precedent

The obligation of the IESO ~~OFA~~ to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA~~OFA~~'s satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO~~OPA~~ contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA~~OFA~~, have been no material adverse change in the financial condition of the IESO~~OPA~~; and

(d) that the OFA~~OFA~~ has received such other documentation which it has reasonably requested to ensure that the IESO~~OPA~~ is in compliance with the terms~~ms~~ and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO~~OPA~~ confirming that the borrowing is within the legal powers of the IESO~~OPA~~ and that the Agreement is a direct, unsecured obligation of the IESO~~OPA~~ enforceable against the IESO~~OPA~~ in form satisfactory to the OFA~~OFA~~.

Section 3.5 Evidence of Indebtedness

The IESO authorizes the OFA to open and maintain records (including electronic records) evidencing the indebtedness of IESO under each Loan including (a) the date and principal amount of each Loan advance; (b) the applicable rate of interest for each Loan; (c) the Repayment Date of each Loan and accrued interest thereon; (d) the date and amount of each payment of interest and of principal in respect of each Loan; and (e) the outstanding principal amount of each Loan from time to time (the "Credit Facility Records"). The IESO agrees that in the absence of manifest error, the Credit Facility Records kept by the OFA shall be conclusive evidence of the obligations of the IESO to the OFA under this Agreement with respect to all Loans and all other amounts owing by the IESO to the OFA under this Agreement, provided that that the failure of the OFA to record or correctly record any amount or date shall not affect the obligation of the IESO to pay the outstanding principal amount of each Loan and interest on each Loan in accordance with terms set out in this Agreement. After a request by the IESO, the OFA shall promptly advise the IESO of any entries made in the Credit Facility Records.

Where communications between the parties are provided on an electronic basis under this Agreement, printouts or other tangible reproductions of any electronic record maintained by a party in relation to such communications shall be considered business records in any legal, administrative or other proceedings that may arise in relation to this Agreement

ARTICLE 4

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COVENANTS OF THE

IESO~~OPA~~

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

~~The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Section 4.2 IESO~~OPA~~ will ~~Maintain~~Maintain its Corporate Existence.

Subject to Section 7.1, ~~T~~the IESO~~OPA~~ will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO~~OPA~~ will cause all property owned by the IESO~~OPA~~ or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO~~OPA~~ or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO~~OPA~~ or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary~~OPA~~ from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary~~OPA~~, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The IESO~~OPA~~ will cause all property owned by the IESO or any Material Subsidiary ~~OPA~~ which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, ~~-~~carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO~~OPA~~ will not, and will not permit any Material Subsidiary to, ~~-~~create, incur or assume any Lien, charging the interest of the IESO~~OPA~~ or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO~~OPA~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary ~~OPA~~ in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens

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permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA~~OFA~~ Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, ~~T~~the IESO~~OPA~~ will, on demand, reimburse and indemnify OFA~~OFA~~ for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA ~~OFA~~ in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA~~OFA~~ as a result of any failure by the IESO~~OPA~~ to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA~~OFA~~) calculated and payable monthly not in advance from in each case from the date on which the OFA~~OFA~~ incurs the cost, charge or expense until the date on which the IESO~~OPA~~ reimbursement the OFA~~OFA~~ therefor. The OFA ~~OFA~~ agrees, acting reasonably, to invoice the IESO~~OPA~~ for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.~~6~~9 Late Repayment of Loans.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal~~ple~~ amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

~~(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and

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all other amounts owing under this Agreement on September 30, 2022 ~~December 31, 204706~~;

(c) failure on the part of the IESO~~OPA~~ to observe or perform its obligations set forth in Section 4.1;

(~~d~~e) failure on the part of the IESO~~OPA~~ to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO~~OPA~~ by the OFA~~OFA~~;

(~~e~~f) any representation or warranty made by the IESO~~OPA~~ in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA~~OFA~~ was incorrect or misleading in any material respect;

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(f) one or more breaches by the IESO~~OPA~~ of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final ~~-~~Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(i)

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary ~~OPA~~:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

~~(B)~~(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed ~~-~~ or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

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official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(~~i~~h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; ~~Rescission and~~Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Loans until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

~~If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.~~

Section 5.3 Suits for Enforcement by the OFA~~OFA~~.

If an Event of Default occurs and is continuing, the OFA~~OFA~~ may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA ~~OFA~~ by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for

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the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

~~(a)~~ to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

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(a)

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 ~~Representations and~~Representations and Warranties of IESO~~OPA~~

The ~~OPA~~IESO represents and warrants to the OFA~~OFA~~ that:

(a) the borrowing of money (including principal and accrued interest) by the IESO~~OPA~~ and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO~~OPA~~ and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO~~OPA~~, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO~~OPA~~ or any contractual or other obligation binding on the IESO~~OPA~~;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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(d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~32; and~~.

~~the IESO has been duly incorporated and organized and is validly subsisting under the Ontario Fair Hydro Plan Act, 2017 and is in good standing under the laws of Ontario.~~

~~(d)~~

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA~~OFA~~, notwithstanding any investigations or examinations which may be made by counsel for the OFA~~OFA~~.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA ~~of Ontario~~.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
~~7~~ GENERAL

Section 8~~7~~.1~~1~~ Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic ~~communication addressed~~communication addressed:

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If to the IESO~~OPA~~, to it at:

Independent Electricity System Operator
~~Ontario Power Authority 880 Bay Street~~120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON M5H 1T1~~ M7A 2C~~

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

~~Attention: Chief Executive Officer Telephone:~~
~~Telecopier:~~

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

~~Attention:~~ ~~Executive Director – Capital Markets~~
~~Telephone:~~ ~~Division (416) 325-8128~~
~~Telecopier:~~ ~~(416) 325-8005~~

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 87.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 87.1.

Section 87.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 87.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section 87.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise
of such right shall not preclude ~~an other~~another or further exercise of such right or the exercise of any other right.

Section 87.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section 87.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 87.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 87.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

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ONTARIO FINANCING AUTHORITY	**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**
Per:	Per:
Name: Michael D. Manning	Name: Kimberly Marshall
Title: Executive Director Capital Markets Division	Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

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~~**IN WITNESS WHEREOF** the parties have executed this Agreement as of the 1st day of January, 2005.~~

ONTARIO POWER AUTHORITY

by: --0+"J-<-J.L-"<Z1-J'--"o<+1.1.'-'-'-...._...>..
Name: Rosalyn awrence
Authorized Signing Officer

and: ,/f?
Name: Ricgs
Authorized Signing Officer

ONTARIO FINANCING HORITY

by: """"
Name: Gadi Mayman
Title: Chief Executive Officer

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SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority
("OFA") 1 Dundas Street West,
Suite 1400 Toronto, Ontario,
M7A1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____
(b) The aggregate amount of the Proposed Advance is ___
(c) The Repayment Date of the Proposed Advance is _____;
[not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street
West Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

~~SCHEDULE 3~~

~~ONTARIO POWER AUTHORITY~~

~~GRID NOTE~~

~~Principal Amount: Up to $500,000,000 Date: _____~~

~~**FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY** (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).~~

~~OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.~~

~~The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.~~

~~This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

~~This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.~~

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~~**IN WITNESS WHEREOF** the OPA has executed this Note.~~

ONTARIO POWER AUTHORITY

Per: _____

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Commented [SH26]: Confirm

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~28~~ 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

_____ Name:

_____ Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than ~~28~~7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "**Company**"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017, as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

~~**ONTARIO POWER AUTHORITY**~~

INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTORITY, a Crown ~~agncy~~agency established under the Capital Investment ~~Plance~~Plan Act, 1993~~-~~ ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its loan program, in the ~~principle~~principal amount not to exceed Two Billion Dollars ($2,000,000,000);

AND WHEREAS pursuant to Directive (·), the IESO is authorized to borrow from the OFA by way of (a) loans; (b) entering into loan agreement provided that the maximum principal amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregate principal amount not to exceed $2,000,000,000;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [SH1]: The purpose is for the FHP program, not a loan program. You'll need to include recitals about the FHP program and the purpose of this facility

Commented [WT2]: Advances?

Commented [WT3]: Advances?

SH: You'll need a copy of the draft directive from Salman

Commented [WT4]: Borrowing notice?

Commented [WT5]: Borrowing notice?
SH: You'll need a copy of the draft directive from Salman

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO~~,~~ and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; ~~and~~

(f) ~~(f~~the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Loan Period"** means the period beginning on July (•), 2017 and ending on December 31, 2047.~~

~~**"Operating Facility"**~~ **"Material Subsidiary"** means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

Commented [SH6]: No need to include. If you follow form of existing IESO-OFA credit facility, this is covered under Mandatory Repayment sections

"Note" means the ~~revolving credit facility to be made available to the~~notes of IESO ~~by the OFA~~issued under this Agreement ~~for the purposes specified in Section 2.3.~~

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving ~~long~~short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

Commented [SH7]: Must be either a short or long term credit facility

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make ~~available~~Advances to to the IESO ~~a revolving credit facility in a maximum principal amount not to exceed the Commitment.~~ The ~~IESO~~OFA shall make each Advance ~~under the short term credit facility~~ in Canadian Dollars.

Section 2.2 ~~Loan Period.~~

~~Loans under the Short Term Revolving Credit Facility can only be advanced during the Loan Period.~~

~~If the IESO wishes to extend the expiry date of the Loan Period, it shall make a written request~~

Commented [SH8]: No need to include this section, as IESO IESO hasn't asked to have this option. If you were to include, be careful with wording because there is not Long Term Credit Facility

~~to amend the Agreement to the OFA not later than one hundred and twenty (120) Business Days prior to the end of the Loan Period. Any extension of this Agreement is at the discretion of the OFA and subject to the written agreement of the parties. The request for extension shall include confirmation satisfactory to the OFA that the IESO Board has authorized a Directive extending the period for borrowing under the Agreement and that the Directive has been approved by the Minister of Energy and the Minister of Finance. Extension of the Loan Period does not increase the OFA's Commitment under the Long Term Credit Facility.~~

Commented [WT9]: Minister of Energy, Is this accurate?

~~Section 2.3~~ **Use of Proceeds.**

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT10]: I'm not sure if this still applies.

Commented [WT11]: I'm not sure if this still applies. SH: Purposes should be under FHP, so get LSB and Corp Finance to comment.

Section 2.~~4 First Advance Period and Extension Option.~~

~~Advances are subject to Sections~~ **3**~~.1, 3.2 and 3.3 under this Agreement. Extension of this Agreement is at the discretion of the OFA and conditional on an IESO Directive that authorizes such borrowing being in effect and the obtaining of any other necessary governmental approvals.~~

~~Section 2.5~~ **Commitment and ~~Revolving Nature.~~Facility Limits**

The Advances Outstanding to the IESO under the Short Term ~~Revolving~~ Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term ~~Revolving~~ Credit Facility shall revolve and no repayment under the Short Term ~~Revolving~~ Credit Facility shall reduce the Commitment.

Commented [SH12]: Need to use the defined term

Section 2.~~6~~ ~~4~~ Mandatory Repayment.

Subject to Sections 2.~~10~~5 and 5.~~1~~2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, ~~as the case may be.~~and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2047. In the event that this Agreement is amended to provide for one or more Extension Periods, such written amendment shall also specific the amended final repayment date for the purposes of this section. On each applicable payment date specified in the Credit Facility Records (as defined in Section 3.5)~~September 30, 2022.

Commented [WT13]: Credit facility is active until September 30, 2022 and fully repaid by December 31, 2047?

Section 2.~~7~~5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~8~~6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order

of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

~~(2)(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.~~

Section 2.~~9~~7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~10~~8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [SH14]: Need to discuss with OFA Legal. This may need to be the minimum per of the loan i.e. 7 days before expiry of the agreement

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made ~~on~~subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article

Commented [SH15]: Define relevant article.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business

Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO. (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

Commented [SH16]: Drafting on the revised provision needs to be completed if included

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~(2)

~~(4)~~(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Section 3.5 Evidence of Indebtedness

The IESO authorizes the OFA to open and maintain records (including electronic records) evidencing the indebtedness of IESO under each Loan including (a) the date and principal amount of each Loan advance; (b) the applicable rate of interest for each Loan; (c) the Repayment Date of each Loan and accrued interest thereon; (d) the date and amount of each payment of interest and of principal in respect of each Loan; and (e) the outstanding principal amount of each Loan from time to time (the "Credit Facility Records"). The IESO agrees that in the absence of manifest error, the Credit Facility Records kept by the OFA shall be conclusive evidence of the obligations of the IESO to the OFA under this Agreement with respect to all Loans and all other amounts owing by the IESO to the OFA under this Agreement, provided that that the failure of the OFA to record or correctly record any amount or date shall not affect the obligation of the IESO to pay the outstanding principal amount of each Loan and interest on each Loan in accordance with terms set out in this Agreement. After a request by the IESO, the OFA shall promptly advise the IESO of any entries made in the Credit Facility Records.

Commented [SH17]: Not a defined term. We also say that IESO is executing a grid note. How do the electronic records work together with the Grid Note?

Where communications between the parties are provided on an electronic basis under this Agreement, printouts or other tangible reproductions of any electronic record maintained by a party in relation to such communications shall be considered business records in any legal, administrative or other proceedings that may arise in relation to this Agreement

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.~~6~~9 Late Repayment of Loans.

Commented [SH18]: Not a defined term (same comment per following provision).

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the ~~principle~~principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on ~~December 31, 2047~~September 30, 2022 ;

Commented [WT19]: To be confirmed.

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH20]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismissed~~undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(~~i~~h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Loans until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Commented [SH21]: Not a defined term.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the

property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation

binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.~~3; and~~2.

~~(e) the IESO has been duly incorporated and organized and is validly subsisting under the Ontario Fair Hydro Plan Act, 2017 and is in good standing under the laws of Ontario.~~

Commented [SH22]: IESO was not incorporated under this Act. No need to include.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA~~ of Ontario~~.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8

GENERAL

Section 8.1 **Notices.**

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect

to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude ~~an other~~another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Commented [SH23]: Confirm

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than ~~28~~7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than ~~28~~7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

From: Kelly Listoe
To: Tobias P. Whitfield (MOF)
Cc: Sarah Harris
Subject: FW: Message from "14-PRT06"
Date: Monday, April 03, 2017 10:28:46 AM

Hi Toby

What is your timeframe like on the NDA?

Thanks,

Kelly

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:33 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Hi Opal,

Toby is just on the phone. We will call you in 5 minutes or so. Thanks.

Malle

-----Original Message-----
From: Opal Kandelas [mailto:Opal.Kandelas@ofina.on.ca]
Sent: March 30, 2017 4:31 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA); Listoe, Kelly (OFA)
Subject: RE: Message from "14-PRT06"

Hi,
Both Kelly and Sarah are out of the office but I'm still here if you would like to discuss.

Opal
416-325-8142

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:23 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi - We just left a message for Sarah as we would like to discuss possible procurement and conflicts issues. I think that we will still need more information about the broader context here in order to advise on this.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:55 PM
To: Hanslep, Malle (MOF)

Cc: Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

Carlos is saying that there will be no financial compensation for the advisor. The benefit to it, is that it will gain insight into how the new structure works and experience with the spv which may be beneficial in obtaining work from the spv in the future. They won't provide for any compensation in the NDA itself.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:13 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Is there a domestic syndicate agreement?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Carlos Yep
Sent: Thursday, March 30, 2017 2:28 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Is the information being given to all 3 potential advisors or just the one that will be hired?
>only to one

What type of information is being given? Need a description.
>financial information associated with a special purpose vehicle being
>created and accompanying legislature being drafted

For what purpose is the advisor being given this information? What use will the advisor make of the information?
>to provide advice on the structure of financing alternatives for the
>special purpose vehicle

What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
>to provide advice on the structure of financing alternatives for the
>special purpose vehicle primary contacts will be the OFA and Energy as
>well as others within Ontario govt External contacts will be lawyers
>hired by Energy to help draft legislation Ontario government
>agencies/related parties and regulators: OPG, IESO, etc

What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?
>there is no procurement

How much and how will the advisor be paid?
>there is no fee paid

Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.
>advisor services are provided as part of domestic syndicate agreement

-----Original Message-----
From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:50 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 1:32 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have some precedent non-disclosure agreements that I have drafted in the past, but we need some more information.

Here are some questions that will assist:

Is the information being given to all 3 potential advisors or just the one that will be hired?
What type of information is being given? Need a description.
For what purpose is the advisor being given this information? What use will the advisor make of the information?
What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
What about internal disclosure within the advisor's company?
Is there a procurement process of any type to hire the advisor?
How much and how will the advisor be paid?
Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400

Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 12:43 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have read it over now. Should we have a short call about this. This is a significant project and does the Province/OFA/OEFC plan to hire a financial advisor to advise on aspects of it. Quite possibly there will be more than one advisory contract here as there seem to be capital markets, accounting, etc. issues involved here. Also, looking at the background information, I don't' know that it is necessarily clear who is going to the borrowing whether it's the Province or OEFC and which entity will provide the equity injection (Minister of Energy holds the shares in OPG). So we can't do a non-disclosure agreement in isolation. What information are we giving to the financial advisor and what are we asking them to do?

I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor will do, payment, etc. Sorry haven't read it yet.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:14 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400

Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

_____

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Sarah Harris
To: Opal Kandelas
Subject: FW: Message from "14-PRT06"
Date: Thursday, March 30, 2017 4:26:50 PM

Hi Opal,

I have to run. Could you please possibly touch base with Malle and Toby.

Malle is away tomorrow most of the day.

Thanks,
Sarah
-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:23 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi - We just left a message for Sarah as we would like to discuss possible procurement and conflicts issues. I think that we will still need more information about the broader context here in order to advise on this.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:55 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

Carlos is saying that there will be no financial compensation for the advisor. The benefit to it, is that it will gain insight into how the new structure works and experience with the spv which may be beneficial in obtaining work from the spv in the future. They won't provide for any compensation in the NDA itself.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:13 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Is there a domestic syndicate agreement?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Carlos Yep
Sent: Thursday, March 30, 2017 2:28 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Is the information being given to all 3 potential advisors or just the one that will be hired?
>only to one

What type of information is being given? Need a description.
>financial information associated with a special purpose vehicle being
>created and accompanying legislature being drafted

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>to provide advice on the structure of financing alternatives for the
>special purpose vehicle

What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
>to provide advice on the structure of financing alternatives for the
>special purpose vehicle primary contacts will be the OFA and Energy as
>well as others within Ontario govt External contacts will be lawyers
>hired by Energy to help draft legislation Ontario government
>agencies/related parties and regulators: OPG, IESO, etc

What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?
>there is no procurement

How much and how will the advisor be paid?
>there is no fee paid

Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.
>advisor services are provided as part of domestic syndicate agreement

-----Original Message-----
From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:50 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 1:32 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have some precedent non-disclosure agreements that I have drafted in the past, but we need some more information.

Here are some questions that will assist:

Is the information being given to all 3 potential advisors or just the one that will be hired?
What type of information is being given? Need a description.
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What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
What about internal disclosure within the advisor's company?
Is there a procurement process of any type to hire the advisor?
How much and how will the advisor be paid?
Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 12:43 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

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Malle

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From: Hanslep, Malle (MOF)
Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

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Capital Markets
Ontario Financing Authority
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Toronto, ON. M7A 1Y7
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

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From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

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From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From:	Kelly Listoe
To:	Malle Hanslep (MOF)
Cc:	Tobias P. Whitfield (MOF); Opal Kandelas; Sarah Harris
Subject:	FW: Message from "14-PRT06"
Date:	Thursday, March 30, 2017 2:29:14 PM

Hi Malle

Please see Carlos' responses below.

Regards,

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To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

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Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
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Subject: FW: Message from "14-PRT06"
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Can I just send these questions to Mike and get the answers?

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Malle

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From: Hanslep, Malle (MOF)
Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

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Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
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Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

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Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

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Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

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Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From: Kelly Listoe
To: Sarah Harris
Subject: FW: Message from "14-PRT06"
Date: Thursday, March 30, 2017 1:35:21 PM

Can I just send these questions to Mike and get the answers?

Kelly Listoe
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(416) 325 - 8090

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have some precedent non-disclosure agreements that I have drafted in the past, but we need some more information.

Here are some questions that will assist:

Is the information being given to all 3 potential advisors or just the one that will be hired?
What type of information is being given? Need a description.
For what purpose is the advisor being given this information? What use will the advisor make of the information?
What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
What about internal disclosure within the advisor's company?
Is there a procurement process of any type to hire the advisor?
How much and how will the advisor be paid?
Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)

Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

Kelly Listoe
Documentation & Compliance Coordinator
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Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From: Kelly Listoe
To: Sarah Harris
Subject: FW: Message from "14-PRT06"
Date: Thursday, March 30, 2017 12:44:19 PM

????

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Attachments:	20170330103155914.pdf

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ONTARIO POWER GENERATION

February 27, 2017

See "Ontario Fair Hydro Plan"

Mr. Serge Imbrogno
Deputy Minister,
Ministry of Energy
4th Floor, Hearst Block
900 Bay Street
Toronto, Ontario
M7A 2E1

Dear Deputy:

Below is a summary of OPG's preliminary views on the implementation of the Province's proposed Global Adjustment Smoothing Account and financing structure. These views are contingent on the proposed terms and conditions that were sent to the Ministry of Energy on February 21, 2017.

Understanding that the finalization of the legal terms, the Trust indentures, financing structure and other detailed terms will take several months and will involve collaboration between legal counsel, input from capital markets, parties involved and other stakeholders, this letter is intended to provide the guideline and framework which could form the foundation of the plan.

Please do not hesitate to contact me if you have any questions regarding this summary.

RPP = Regulated Price Plan

Sincerely,

Mr. Ken Hartwick
Chief Financial Officer and Senior Vice President, Finance
Ontario Power Generation
W: 416-592-6985
C: 647-544-6985
ken.hartwick@ opg.com

cc. Jeff Lyash, President and CEO, OPG

Background:

The Province has indicated that it will take steps to reduce electricity bills in the near term. It has identified reductions in the Global Adjustment Charge (GAC) charged to electricity customers as a means to achieve its policy goals. The Province is proposing to temporarily reduce the amount of the GAC charged to electricity customers (primarily RPP-eligible customers). The exact quantum and duration of the program is still not known but based on discussions with the Province GAC charges of approximately $2-5B per year for the next 5-10 years would be deferred and collected over future periods commencing after the deferral period. A combination of senior debt and subordinated debt (mainly sourced by additional equity from the shareholder) would be issued to fund the amount deferred. The financing cost of the debt and other costs of running the program would form part of the amounts recovered from customers over the term of the program.

Ontario's Fair Hydro Plan → 2.5b for 10 years, will max. annual interest cost of $1.4b

The Province has requested that OPG administer the GAC deferral, because of OPG's participation in the market, regulatory knowledge and the potential ability to consolidate the activity and accounting with OPG. Given the significant amount of financing required for the GAC deferral, OPG has developed a financing structure (depicted below) to:

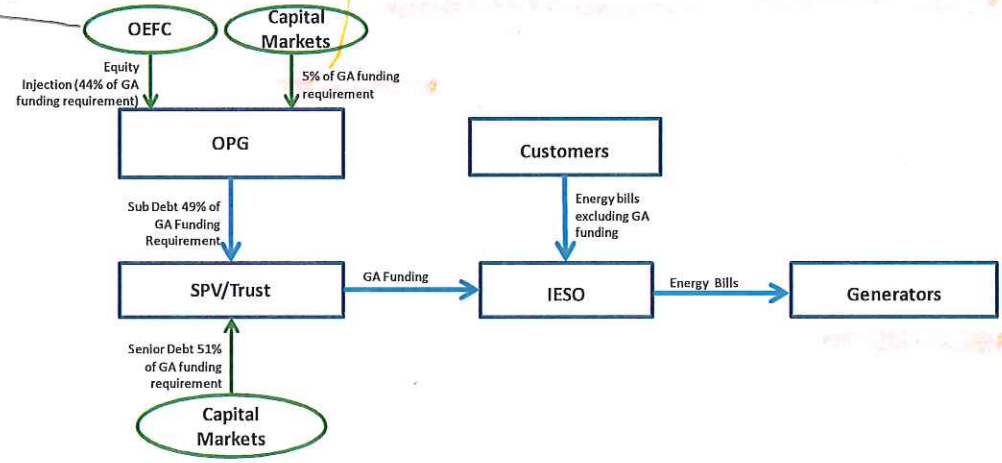
- restrict the risk to OPG;

- maximize the cost-effectiveness of the Trust or the Special Purpose Vehicle ("SPV") financing vehicle; and
- allow for consolidation into OPG financial statements.

The success of this structure is dependent on achieving a number of objectives which are reviewed in the following sections:

A. Ability to Recognize an Asset and Record Revenue
B. Ability to Consolidate the SPV into OPG
C. Ability to Finance
D. External Assessment
E. Risk Summary

All of the percentages shown in the graphic below are indicative and will be highly dependent on the legislation that the Province will enact:



Process:

The IESO will effectively sell the 'right to collect' deferred future revenue from ratepayers (GA Recovery Right asset) to the SPV in return for cash proceeds. In order for the SPV to purchase this asset the SPV will obtain the financing from two key sources: 51% directly from capital markets and 49% as subordinated debt from OPG. OPG will obtain 44% of this financing as an equity injection from the Province and 5% from capital markets.

A. Ability to Recognize an Asset and Record Revenue

Accounting Requirements under International Financial Reporting Standards (IFRS)

1) It is our understanding that the IESO and KPMG have concluded that the sale of this 'right to collect' future revenue (or regulatory asset) is not a financing transaction and will not be recorded as a financial liability. Based on that conclusion, the right to collect will be accounted for as an intangible asset in the SPV.

2) In order to the SPV to record this right as an intangible asset, the right must meet the following conditions:
   - The intangible asset must be separable and arise from a contractual or legal right (i.e. mandated by the Legislation and SPV Indenture Agreement).
   - The SPV must have the control and power to obtain future economic benefits from the intangible asset.
   - The SPV must be able to demonstrate that the intangible asset is purchased at fair value.

How & by whom is the revenue being paid by the SPV from OPG thru OEB?

3) In order for the SPV to recognize appropriate revenue to offset any ongoing costs, the Legislation must require interest, carrying and administrative costs to be paid to the SPV on a monthly basis. This may result in additional amounts to be deferred to achieve the desired customer impact. Payment of revenue to the SPV is also important to service the interest expenses of the debt.

B. Ability to Consolidate the SPV into OPG under IFRS

OPG 'Control' of the SPV - Accounting Requirements

1) In order to meet the accounting definition of 'control', accounting guidance must be considered. There are no bright lines to determine whether OPG has exposure, or rights, to variable returns from its involvement with the SPV, or whether it has the ability to affect the returns of the SPV through its power over the SPV. Rather, all facts and circumstances are considered when assessing whether an entity has control over another entity. Based on the relevant accounting guidance under IFRS, OPG has proposed terms necessary to demonstrate that OPG has control over the SPV. OPG's external auditors, Ernst & Young, has provided their concurrence that based on the information provided to them to date that the following conditions should permit consolidation of the SPV by OPG.

Directive:

1. The SPV must be undertaken by OPG as a business initiative on its merits. A Shareholder Directive is to be limited to direct OPG to investigate the option of establishing a SPV vehicle to administer, finance and operate the Global Adjustment plan. The control, risk and rewards of that SPV will determine its consolidation into OPG as a business enterprise.

SPV:

2. The SPV should not operate in a predetermined way such that OPG does not have decision-making authority over the SPV's ongoing activities after its formation (i.e. should not operate on 'autopilot').
3. OPG must have the ability to appoint and remove the Trustee (or Board of Trustees), with no veto right by the Province. No party shall have the ability to remove OPG from its role and authority in the SPV.
4. The Province cannot have the right to veto OPG's decisions about the relevant activities of the SPV. OPG must have the power over the relevant activities of the SPV and be compensated. The relevant activities of the SPV include (but are not limited to) the evaluation and decisions on financing alternatives, duration, and the strategy to minimize financing costs. OPG must have the power to establish operating and capital budgets of the SPV.
5. OPG must have the power to determine or change operating and financing policies of the SPV, which will affect the variability of risks and returns.
6. The Province or its agencies must not directly or indirectly fund (through debt or equity) more than 50% of the following:
    - The SPV
    - Any of OPG's investments in the most subordinated debt of the Trust
7. OPG must own greater than 50% of the most subordinated debt and targeted to be no less than 5%[1] of the total debt of the SPV. Such ownership must be financed entirely by OPG through operating cash flows or external debt, without assistance from Provincial sources. A quantitative analysis should be performed at a later date to corroborate the appropriateness of the 5% threshold to support that the 5% subordinated debt investment is sufficient to absorb most of the expected variability in the SPV.
8. OPG must have the ability to earn variable returns by exercising its authority, which shall be accomplished as follows:

[1] While the rest of the letter refers to a 10% investment in the most junior subordinated debt with OPG owning 5%, it should be noted that OPG should own more than 50% of the most subordinate debt. For simplicity, the degree to which OPG's ownership beyond 50% is not shown in this letter.

a. The cash flow from the restructured asset shall include interest determined based on a relevant benchmark that is appropriate relative to the restructured asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the SPV to achieve a more favourable return compared to the return from the restructured asset
c. The SPV shall establish classes of liabilities (senior, subordinated and the most subordinated). The classes would allow the SPV to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the restructured asset, or any residual risk of restructured asset. The targeted return of the subordinated liability should be reflective of the underlying risks and compensate holders for active management that would be required.
e. OPG should participate in the detailed design of the above and the SPV documentation to ensure that it has substantive power and variability, which will allow OPG's Board of Directors to evaluate the opportunity as a business initiative instead of through a shareholder directive.

Nothwithstanding the above, under certain Defined Forced Majeure for emergency events (e.g. unlikely credit market event or disruption where it is not possible to borrow from the market at a reasonable rate), the OEFC may provide bridge financing beyond the designated percentage for a defined period. The relevant terms should ensure that this temporary measure does not detract from the rights of OPG to direct all of the relevant activities of the SPV. Additionally, OPG should not be protected from risk of loss by the OEFC with respect to its subordinated investment, nor should it lose its right to derive the residual returns should such bridge financing be required.

Legislation

9. The Legislation must require interest, carrying and administrative costs to be paid to the SPV on a monthly basis, so that the SPV is able to recognize appropriate revenue to offset any ongoing costs.
10. The Legislation must dictate the manner in which the restructured asset would be determined, collected, and the period of collection, so that the determination of the restructured asset will not be subject to the Province's decisions on an ongoing basis, but determined based on a formula. Alternatively, the Legislation may allow for an adjustment to the pre-determined deferral formula based on specific parameters that would limit the adjustment to the restructured asset. Adjustments beyond the specific parameters would require approval by the Board of Trustees.
11. The Legislation must be written to avoid legal or constitutional challenges and be irrevocable to reduce the cost of borrowing and with a specific formula which determines the deferral amount. As irrevocability would be difficult under Canadian law one mitigation would be to provide a Provincial guarantee which only applies with cancellation or amendment of the legislation.
12. The spirit of the above terms should be reflected in the SPV Indenture Agreement as well as Legislation, wherever possible.

2) The Trust is expected to be financed as follows:
   - 51% senior secured debt from external markets
   - 39% senior subordinated debt from OPG (via Province equity injection into OPG)

- 10% junior subordinated debt from OPG (5% from external markets and 5% from Province equity injection into OPG).

When assessing control, an investor shall consider the nature of its relationship with other parties and whether those parties are acting on the investor's behalf (i.e. they are 'de facto agents'). If OPG is assessed to be a 'de facto agent' of the Province, it will compromise the ability for OPG to consolidate the Trust. The split above is to meet the following conditions to ensure that OPG is not considered a 'de facto agent' of the Province:

- The Province or its agencies must not directly or indirectly fund (through debt or equity) more than 50% of the following:
  - The Trust
  - Any of OPG's investments in the most subordinated debt of the Trust
- OPG must own greater than 50% of the most subordinated debt and targeted to own no less than 5% of the total debt of the Trust. Such ownership must be financed entirely by OPG through operating cash flows or external debt, without assistance from Provincial sources.

3) The Province will need to conclude on whether OPG still meets the definition of a Government Business Enterprise as defined under Public Sector Accounting Board standards in order to obtain the preferred consolidation treatment after the transaction. We also recommend that the Province to undertake the analysis deemed necessary to confirm the accounting treatment in its consolidated Public Accounts, including if the recognition of the intangible asset would result in an offsetting liability in the Public Accounts.

C. Ability to Finance

Property Right or Right to Collect
Legislative Requirements for Financing
The GA Recovery Right must be structured to encompass the following elements:

- Right to recover from and bill Ontario electricity customers for (1) the principal amount of GA that is being deferred, (2) all interest and other financing costs incurred in respect of the deferral of the GA, (3) all fees, expenses and other administrative costs associated with such financing;
- Repayment/amortization schedule as agreed by the IESO and any purchaser of such GA Recovery Right (or pursuant to a pre-defined schedule/formula that covers all of the purchaser's principal, interest and ongoing financing costs on a monthly basis);
- Repayment/amortization schedule must include a true up mechanism to ensure all costs associated with the deferral can be recovered from customers;
- IESO may dispose of the GA Recovery Right, provided that any such disposition shall be a true sale and absolute transfer to the purchaser of the IESO's right, title and interest in and to the GA Recovery Right;
- Purchaser will have the right to require the IESO (or any successor) to collect the principal amount of GA Recovery Right, together with interest, financing and administration costs, on the agreed repayment/amortization schedule;
- Right must be irrevocable and, if amended by future governments, debt holders have the right of action against the government to recover the amount outstanding including interest, fees, expenses and any damages resulting from the amendment;
- GA Recovery Right will not be subject to any set-off, counterclaim or other defence by the IESO or any successor or affiliated entity; and
- Make certain amendments to the Electricity Act to allow OPG to implement the SPV financing structure (e.g. allowing OPG to create subsidiaries and holding companies, and to have a beneficial interest in the SPV, etc). This would provide flexibility to accommodate possible variations to the financing structure that may be desirable over time.

Detailed legislative requirements are specified in the attachments as follows:

Attachment 1 Legislative requirements to allow deferral of global adjustment amounts to be financeable

Attachment 2 Statutory amendments

The proposed financing structure for the SPV is:

	Risk Profile	Source	% of Total Funding Requirements
Tranche A Senior Debt	The least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt)	The most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

SPV structure is used to accomplish the following:

- SPV holds right to charge customers for the benefit of debt holders;
- Allows the financing vehicle to be ring-fenced from OPG as an SPV structure is set up as generally single purpose entities with no other operations that could add risk to the SPV, dilute debt holder rights, allow parties from other operations to claim rights to the future recovery from customers or allow these other parties to initiate bankruptcy proceedings;
- Enables SPV to potentially get a higher credit rating than OPG;
- Supports consolidation with OPG provided accounting requirements are satisfied;

This approach supports a number of objectives of the GA Recovery Right:

- 51% external senior debt supports separation of the SPV from the Province
- 5% junior subordinated debt establishes OPG's "at risk" equity which supports separation of the SPV from the Province
- Subordinated debt provides flexibility to the financing structure and additional credit support to external debt holders
- Subordinated debt sourced from OPG (mainly funded by equity injection from the Province) minimizes impact on OPG credit metrics reducing risk of an OPG rating downgrade that could result in the SPV being consolidated directly with the Province as the SPV would be considered an arm of the Province.

Recent transactions used as precedents are:

Duke Energy Florida Project Finance LLC
June 2016
5 series of bonds totalling USD$1.3B
Weighted average life from 2 to 19 years with interest rates from 1.2% to 3.1%
Credit rating AAA

Utility Debt Securitization Authority
Sponsored by Long Island Power Authority
March 2016
Amount issued USD$0.6B
Weighted average life of 12 years and weighted average yield of 2.7%

August 2016
Amount issued USD$0.5B
Weighted average life of 7 years and weighted average yield of 2.0%

Credit rating AAA

Cumulative outstanding (including previous issuances): USD$4.2B

D. External Assessment

Shakerhill Partners, an external advisor, identified the following items in an assessment of the structure and financeability of the structure:

- The structure is financeable however there are a number of significant risks to the structure:
  - Canadian and Ontario law does not provide the same protection to property right as exists in the US federal and state constitutions to limit the ability of governments to adversely impair contracts to the detriment of the holder;
  - Legislation could mitigate some of the risks – deferred recovery asset to be "uncapped", regular semi-annual true up to ensure recovery, Province provides sufficient committed liquidity to the IESO so that temporary shortfall in recovery does not affect payments to SPV, term of the deferral recovery substantially exceeds the longest maturity of debt of the SPV and that true-up mechanism take account of potential for currency, interest rate and duration mis-match between the debt of the SPV and the recovery mechanism;
  - Size of the program may be too large for Canadian securitization market requiring access to the US securitization market;
- Final maturity of debt should not exceed 30 years from inception of the program
- True up mechanism should be designed such that the forecast of recovery is less than 10% of the customer bill under downside scenarios to limit growth of the deferral balance as a higher portion of the customer bill increases the political risk to debt holders which could result in a lower credit rating and potential impact on financeability
- Securitized debt products are specialized and price at a premium to other fixed rate instruments however a successful program supported by a strong credit rating this premium could shrink over time to a minor spread over Provincial debt
- OPG's credit rating should be maintained provided sufficient equity is injected to maintain credit metrics
- While the structure is not expected to impact the Province there are risks that the program could negatively impact the rating agencies view of the Province's financial management.

E. Risk Summary

i. Consolidation

- Elements of the proposed structure were established to support consolidation of the SPV into OPG. These items may not be sufficient to establish OPG as risk owner of the SPV and the SPV may need to be consolidated directly with the Province.

ii. Financeability

- The legislation establishing the structure and the property right for recovering the financing and associated costs may not be adequate for financing purposes resulting in more expensive financing or an inability to obtain the required external financing.

iii. Cost of Financing

- Future governments may enact legislation that changes the right of the SPV to recover amounts from customers.
- The right to recover amounts from future customers must be irrevocable and subject to full recovery from the government in the event that future governments reduce or eliminate the recovery. A legal structure that is weaker than the precedent US transactions increases the risk to debt holders and the cost of financing.
- Interest rates on bonds in the securitization market are higher than equivalent rated bonds. Rate for a AAA securitization credit is about 50 bps higher than GOC (rated AAA) for a 5 year term. This difference is attributable to the specialized structure of the bond, smaller investor pool for this bond, smaller size of the market and higher perceived risks of the bond.
- Any regulator involvement must not be seen to modify any terms of debt issued or the property right securing the debt as this would increase risk to debt holders.

- It may not be possible to issue debt to match the terms of the deferred asset so shorter term debt would be used which raises risk to re-finance the maturing debt as the market may no longer be interested in this product. As well, underlying reference interest rates may be higher and the market may require a higher spread to invest in this product.
- With the GA Recovery Right program continuing for 10 years, debt issued over this period is subject to changes in both the underlying reference interest rates and appetite of the market for this product.

iv. OPG Credit Rating

- Minimizing the impact of significant additional debt on OPG's credit rating is dependent on higher EBITDA arising from earned income on the GA Recovery Right in excess of external debt. Ability of the SPV to record revenue reflecting the growth in asset value.
- Potential OPG credit rating downgrade if legislative structure is not adequate to support long term recoverability, inability to record revenue from growth in asset value or agencies view equity injection as debt.
- OPG credit rating downgrade could result in loss of GBE status or result in SPV being consolidated directly with the Province.

Attachment 1

LEGISLATIVE REQUIREMENTS TO ALLOW DEFERRAL OF GLOBAL ADJUSTMENT AMOUNTS TO BE FINANCEABLE

The IESO currently has a right to collect GA monthly from ratepayers through provisions in the *Electricity Act, 1998*. It is proposed that collection of a certain portion of the monthly GA be deferred for collection in the future, and that the right to recover the deferred GA from ratepayers be used as a basis for structured financing/securitization.

The current proposal is for a trust to be created as a financing vehicle (the "**Trust**") in connection the deferred GA. The Trust will finance the deferral of the GA by purchasing the right to recover such deferred GA from the IESO for the principal amount of the GA being deferred. For example, if the amount of GA that is being deferred is $200 million in a given month, the Trust will purchase from the IESO the right to future recovery of the deferred GA and the associated financing costs (including interest and transaction costs) for $200 million in cash.

The Trust is expected to finance these purchases from the IESO through a combination of senior secured financing raised in the capital markets and subordinated financing from OPG (the funding for which will mostly be from equity injections from the OEFC/Province).

For accounting purposes, OPG will need to have the ability to direct the activities of the Trust, through a services agreement and/or through the Trust's constating document.

Based on securitized financing raised by utilities in the US (backed by utility cost recovery orders) and the current regulatory framework in Ontario, the legislation in Ontario would need to be amended to provide the following, at a minimum:

1. The IESO will be empowered to create an asset (the "**Regulatory Asset**") consisting of all right, title and interest in and to:

   (a) right to recover from and bill Ontario electricity ratepayers for:

   (i) the principal amount of GA that is being deferred for collection;
   (ii) all interest and other financing costs incurred in respect of the deferral of the GA (whether through senior debt raised in the public markets or subordinated debt raised from OPG or others); and
   (iii) (subject to the comments in paragraph 5 below in respect of OPG's internal administrative costs only) all fees, expenses and other administrative costs associated with such financing, including up-front and ongoing financing costs and any indemnity payments;

all on such repayment/amortization schedule as agreed by the IESO and any purchaser of such right (or pursuant to a pre-defined schedule/formula in the legislation that covers all of the purchaser's principal, interest and ongoing financing costs on a monthly basis); and

(b) all revenues, collections, claims, rights to payments, money or proceeds arising from the rights and interests set out in paragraph (a) above, regardless of whether such revenues, collections, claims, rights to payments, money or proceeds are imposed, billed, received, collected or maintained together with or commingled with other revenues, collections, rights to payments, payments, money or proceeds.

2. The IESO may dispose of the Regulatory Assets created from time to time on such terms as the IESO determines in accordance with the terms of directives to be issued to the IESO from time to time by the Minister, provided that any such disposition shall be a true sale and absolute transfer of the IESO's right, title and interest in and to a Regulatory Asset to the purchaser of the Regulatory Asset.

3. The Regulatory Assets will not be subject to any set-off, counterclaim or other defence by the IESO or any successor or affiliated entity thereof.

4. The legislation will need to recognize the Regulatory Assets as amounts that may be recovered by the IESO (e.g. it could be designated as a "GA Deferral" and would be included in the amounts collectible by the IESO through the GA collection mechanism, and would include interest and financing costs).

5. The purchaser of the Regulatory Asset will have the right to require the IESO (or any successor) to collect the principal amount of GA deferred, together with interest, financing and administration costs, on the agreed repayment/amortization schedule. **[NTD: In the LIPA securitization rate order, if the entity that is authorized to collect rates to service the bonds ends up defaulting, there is the ability to request a court to order "sequestration" and payments of amounts owing to the owner of the Regulatory Asset. Consider whether to include a similar right here. Alternatively, consider whether a security interest over the moneys collected by the IESO could be provided to the purchaser.]**

OEB would be provided with oversight over the internal administrative costs collected by the Financing Trust. This could be accomplished by (a) providing the purchaser of the Regulatory Asset with the right to require

the IESO or a successor to collect only the principal amount of GA together with interest and financing costs and third party fees and expenses, and (b) requiring the IESO to collect amounts through the global adjustment and make payments to the purchaser of the Regulatory Asset with respect to the internal administrative costs incurred by the purchaser in connection with the purchase and management of the Regulatory Asset and the Financing Trust, in accordance with the order of the OEB then in effect. Under this mechanism, the OEB would be required to review the purchaser's internal administrative costs through a streamlined process and issue such orders in accordance with rules to be prescribed under a new regulation under the OEB Act, which would clearly limit the OEB's scope of review and could establish the basis for the purchaser to receive an appropriate fee for its services.

6. In the event that any action is taken or permitted by the Province or any regulatory authority that limits, alters, or impairs the value of a Regulatory Asset or reduces the ability of the IESO or the purchaser of the Regulatory Asset to collect or recover the costs associated therewith, the owner of the Regulatory Asset and the holders of any bonds or other securities issued to finance the purchase of the Regulatory Asset, will have a right of action against the Province for any damages suffered as a result of such amendment.

Attachment 2

STATUTORY AMENDMENTS

The following is preliminary and is based on our current understanding of the proposed structure and objectives. For example, we have assumed that the structure will not entail the insertion of a new Holdco between OPG and the Province. As these aspects are refined, some of the suggested amendments described below may not be needed and other aspects that we are not aware of may need to be considered. Accordingly, these suggested amendments are provided for discussion purposes and are subject to change. We would welcome the opportunity to work with OPG and the Ministry on refining the scope and substance of required legislative and regulatory amendments.

A. Amendments to Implement Structure

Certain *Electricity Act, 1998* amendments would be needed to implement the anticipated structure (which we understand, as noted above, would not include a Holdco), as follows:

- **Section 53.1(1):** Amend to permit owning and operating generation facilities through subsidiaries (not only directly through OPG). In addition, amend to permit OPG to administer, manage, loan moneys to and have a beneficial interest in, if applicable, Financing Trust.

- **Section 53.2:** Amend to permit the Minister to acquire, hold, dispose of or otherwise deal with securities or debt obligations of, or any other interest in, OPG or any subsidiaries. This is to accommodate possible variations to the financing structure that may be desirable over time.

- **Section 53.■ (new):** New statutory section to permit the Minister to enter into arrangements relating to an exercise of powers under 53.2.

- **Section 53.■ (new):** New statutory section providing that creditors of Financing Trust have no recourse to the assets of OPG or any of its subsidiaries (other than Financing Trust, if applicable). In addition, consideration should be given as to whether the Act should be amended so that the Financing Trust cannot be wound up or liquidated.

B. Miscellaneous Corporate Items to Address

- **OPG Articles:** Amend the OPG's articles to remove the private company restrictions.

- **MOA with Province:** Consider whether any amendments to OPG's MOA with the Province are required to contemplate the Financing Trust.

C. Amendments Under Electricity Act to Implement GA Smoothing

Based on our understanding that the global adjustment smoothing mechanism is intended to benefit residential and small business customers only and that the Minister will be responsible for determining how much global adjustment smoothing is to be applied in a given month, if any, amendments to the *Electricity Act, 1998* and Ontario Regulation 429/04 (Adjustments Under Section 25.33 of the Act) would be needed to implement the mechanism, as follows:

(i) Electricity Act:

- **Section ■ (New):** Establish a new power for the Minister to make directives to the IESO in relation to the global adjustment smoothing mechanism and, particularly, for purposes of establishing global adjustment smoothing amounts from time to time (expected to be monthly). To the extent possible, the directive power should be drafted so as to limit the ability for a future Minister to require the IESO to do anything that would materially and adversely affect the Financing Trust or its lenders. **[NTD: While our understanding is that the Minister would direct this, we note from other materials we have seen that OPG may instead be recommending a formula approach. It is not clear what the formula would look like, where it would be set out or how it would be applied and by whom]**

- **Paragraph 25.33(1):** This section says that IESO shall make adjustments in accordance with the regulations to ensure that, over time, payments by prescribed classes of market participants reflect amounts paid to OPG, OEFC and distributors, as well as amounts paid to entities with whom IESO has a procurement contract. Add new subsection (c) so as to require IESO to ensure that, over time, payments by prescribed classes of market participants also reflect amounts paid to Financing Trust. **[NTD: Not certain this is needed if only to benefit residential and small business consumers, who are not market participants. May be needed in reference to payments from distributors and retailers]**

- **Paragraph 25.33(2):** This section says that distributors and retailers shall make adjustments in accordance with the regulations to ensure that, over time, payments by prescribed classes of consumers reflect amounts paid to OPG, OEFC and distributors, as well as amounts paid to entities with whom IESO has a procurement contract. Add new subsection (c) so as to require distributors and retailers to ensure that, over time, payments by prescribed classes of consumers also reflect amounts paid to Financing Trust.

- **Note**: As described below, the regulation will need to include new requirements for the IESO to record the global adjustment smoothing amounts in one or more variance accounts and to use those amounts to offset amounts otherwise recorded in the variance accounts under Section 25.33(3) of the Act. For context, we note:

    - Section 25.33(3) says that adjustments under (1) or (2) relating to electricity consumed by consumers whose rates are determined by

the OEB under s. 79.16 of the OEB Act (i.e. RPP Customers) shall instead be made in accordance with the regulations to one or more variance accounts established and maintained by the IESO.

- Section 25.33(4) says IESO, distributors and retailers shall make and receive such payments, set-offs and credits as may be required or permitted by the regulations with respect to consumers described in (3), i.e. RPP Customers.

- Section 25.33(5) says that IESO shall establish and maintain such variance accounts as may be needed to record all amounts payable or receivable by it under 25.33.

(ii) O. Reg. 429/04 (Adjustments Under Section 25.33 of the Act):

- **Section 1(1):** Consider adding definitions for "Financing Trust" and "global adjustment smoothing amount" or such other terms as may be preferred.

- **Section 1.2(1) (New):** Add section providing that, for the purposes of this Regulation, the global adjustment smoothing amount for a month is the amount determined by the IESO in accordance with a directive from the Minister under section ■ of the Electricity Act in respect of the month. **[NTD: See above note re use of Minister directives]**

- **Section 1.2(2) (New):** Consider adding a section providing that the IESO shall publish the global adjustment smoothing amount for a month by no later than the 10th business day of the following month [to align with general publication requirements for global adjustment under s. 1.1(2)].

- **Section 10(1):** Amend formula for calculating Class B GA rate by subtracting the global adjustment smoothing amount for a month from "M", which is the total amount of the global adjustment for the month. The global adjustment smoothing amount could be designated as "X", such that the formula would be (M-X-N)/(P-Q). Define "X" as the global adjustment smoothing amount for the month as determined by the IESO in accordance with the Minister's directive under section ■ of the Electricity Act for the month. **[NTD: See above note re use of Minister directives]**

- **Section 10.1 (New):** Add new section to deal with adjustments under subsection 25.33(3) of the Act, i.e. in respect of RPP consumers. This section should require the IESO to establish, within the variance account(s) it maintains pursuant to subsection 25.33(3) of the Act, one or more subaccounts in which it shall record the global adjustment smoothing amounts applicable to the classes of consumers described in subsection 25.33(3) of the Act. This section must also specify that the IESO shall apply the amounts recorded in the subaccounts against the balances in the variance accounts for purposes of section 79.16(3) of the OEB Act.

- **Note:** This is a key aspect because, when the OEB determines RPP rates, it must take into account the balances in the variance accounts established by the IESO under s. 25.33 of the Electricity Act and make adjustments with a view to eliminating the balances within 12 months. This proposed new section 10.1 causes the IESO to reduce (in the near term) the variance account balances by the global adjustment smoothing amounts, as provided by Financing Trust, thereby enabling the OEB to determine RPP rates that, despite being lower for RPP consumers in the near term, still eliminate the relevant variance account balances within 12 months.

- **Paragraph 11(2)2.ii:** Amend the formula for calculating the allocation of global adjustment for a month to a licensed distributor that is a market participant by subtracting the global adjustment smoothing amount for a month from "M", which has the same meaning as under section 10(1). The global adjustment smoothing amount could be designated as "X", such that the formula would be [(M-X-N) x (R+S-T)]/(P-Q). Define "X" as suggested under section 10(1).

- **Paragraph 11(2)3:** Amend the formula for calculating the allocation of global adjustment for a month to each Class B market participant by subtracting the global adjustment smoothing amount for a month from "M", which has the same meaning as under section 10(1). The global adjustment smoothing amount could be designated as "X", such that the formula would be [(M-X-N) x U]/(P-Q). Define "X" as suggested under section 10(1).

- **Paragraph 16(7)4:** Consider amending the description of "Global Adjustment" that is required to be included on certain invoices so as to inform consumers that their portion of the global adjustment for the month (i) may have been reduced by the application of a global adjustment smoothing amount from the Financing Trust, or (ii) may include amounts payable to the Financing Trust in respect of global adjustment smoothing amounts previously applied.

- **Section 20(1):** This section establishes an obligation for the Ontario Electricity Financial Corporation and every licensed distributor that is a market participant to give the IESO such information as the IESO may require for the purposes of the Regulation in the form specified by the IESO and before the expiry of the period specified by the IESO. Consider amending to extend this obligation to the Financing Trust.

- **Section 20(6):** This section provides that on request by the OEB, the IESO, a licensed distributor, an embedded generator, a retailer or the OEFC shall give the OEB such information relating to this Regulation as the OEB may require, in the form and within the period specified by the OEB. Consider amending to extend this obligation to the Financing Trust.

D. Amendments Under OEB Act to Implement Cost Recovery for Financing Trust

Amendments to the *Ontario Energy Board Act*, including amendments to O. Reg. 95/05 (Classes of Consumers and Determination of Rates) and the introduction of a new regulation, would be needed to implement a cost recovery process for the Financing Trust in relation to the global adjustment smoothing mechanism, potentially with limited OEB oversight, as follows:

(i) Ontario Energy Board Act:

- **Section 78(3.3):** This provision establishes an obligation for the OEB, when determining rates for the retailing of electricity, to take into account balances in variance accounts established under section 25.33 of the Electricity Act and to make adjustments "with a view to eliminating those balances within 12 months or such shorter time periods as the Minister may direct." Consider whether any amendments are needed, and confirm this works with the framework being proposed.

- **Section 78.7 (New):** We understand that the Province may want the OEB to have an oversight role. One possible approach would be to establish a new statutory section establishing that the IESO shall make payments to the Financing Trust with respect to the internal administrative costs incurred by the Financing Trust in connection with the purchase and management of the Regulatory Asset and the Financing Trust. Such payments by the IESO would need to be made in accordance with the order of the OEB then in effect, which orders shall be made by the OEB in accordance with rules prescribed under a new regulation.

    - The new regulation would need to be clear that the OEB does not have jurisdiction to consider the principal amount or any interest, financing costs, third party fees or expenses. Rather, OEB's role would be limited to considering the internal administrative costs of the Financing Trust and ensuring the Financing Trust receives an appropriate fee for its services, all of which would be recovered by the Financing Trust from the IESO, which would collect those amounts in the global adjustment. Note that, if this approach is accepted, the IESO and distributors and retailers would need the authority to collect such amounts as part of the GA and IESO would need the authority to pay such amounts to the Financing Trust. As such, additional amendments would be needed under O. Reg. 429/04.

- **Note:** Section 79.16 of the OEB Act does not require changes, but the significance of this provision should be understood.

    - Section 79.16 gives the OEB responsibility for determining electricity commodity prices for eligible consumers. Eligibility is determined under Reg. 95/05 (Classes of Consumers and Determination of Rates), which is also known as the Regulated Price Plan (RPP) Regulation.
    - Section 4(2) of the RPP Regulation defines RPP-eligible consumers as low volume consumers (i.e. those who annually use less than 150,000 kWh

or such other amount as prescribed), consumers with demand of 50 kW or less, residential consumers that have accounts with distributors, consumers who annually use 150,000 to 250,000 kW of electricity, and consumers who have accounts with distributors if in the farming business.

- Paragraph 6(1)3 of the RPP Regulation provides that "In determining the rates (for RPP-eligible consumers), the Board shall forecast the cost of electricity to be consumed by the consumers to whom the rates apply, taking into consideration adjustments required under section 25.33 of the *Electricity Act, 1998* and shall ensure that the rates reflect those costs."
- The Ontario Energy Board has developed a Regulated Price Plan Manual (revised February 16, 2016) to describe the processes and methodologies it uses for determining electricity commodity prices that are charged to RPP consumers pursuant to Section 79.16 of the OEB Act and paragraph 6(1)3 of the RPP Regulation.

(ii) O. Reg. 95/05 (Classes of Consumers and Determination of Rates)

- **Paragraph 6(1)3:** Amend so as to require the Board, when forecasting the cost of electricity to be consumed by the consumers to whom the rates apply, to take into consideration not only the adjustments required under section 25.33 of the Electricity Act but also the application or prior application of global adjustment smoothing amounts determined by the IESO in accordance with Minister directives under section ■ of the Electricity Act, and to ensure that the RPP rates reflect those amounts. **[NTD: See above note re use of Minister directives]**

(iii) New Regulation (Payments to the Financing Trust)

- If the OEB is to be given the role of reviewing and approving the recovery of OPG's internal administrative costs for the Financing Trust under the potential section 78.7 (see above), then this regulation should describe the process and criteria pursuant through which the OEB would determine the amounts that the IESO would be required to collect through the global adjustment, in accordance with section 25.33 of the Electricity Act, and pay to the Financing Trust in respect of the provision of global adjustment smoothing amounts. This part of the regulation should establish:

    - any reporting requirements from the Financing Trust and/or the IESO to the OEB in connection with the global adjustment smoothing mechanism;
    - the frequency of the OEB making determinations under this part of the regulation;
    - the process through which the OEB shall make these determinations, which should be a streamlined administrative process rather than a public hearing process or, if a hearing is needed, then the scope of the proceeding should be clearly and narrowly constrained so as to deter intervenor involvement, lengthy proceedings and reduce/eliminate risk to recovery by Financing Trust;

- the basis for the OEB's determinations as to the payments that shall be made to the Financing Trust, which should specify that:
  - the Financing Trust shall recover its prudently incurred internal administrative costs on a forecast basis each year;
  - the Financing Trust shall receive an appropriate fee each year (with some guidance as to what would be appropriate); and
  - the approved payment amounts shall be collected by the IESO through the global adjustment and paid to the Financing Trust in accordance with the order of the OEB then in effect. Note that O. Reg. 429/04 would likely need amendments to permit IESO (and distributors and retailers) to collect these amounts through the global adjustment.

From: Kelly Listoe
To: Tobias P. Whitfield (MOF)
Cc: Sarah Harris
Subject: FW: Message from "14-PRT06"
Date: Monday, April 03, 2017 10:28:46 AM

Hi Toby

What is your timeframe like on the NDA?

Thanks,

Kelly

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:33 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Hi Opal,

Toby is just on the phone. We will call you in 5 minutes or so. Thanks.

Malle

-----Original Message-----
From: Opal Kandelas [mailto:Opal.Kandelas@ofina.on.ca]
Sent: March 30, 2017 4:31 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA); Listoe, Kelly (OFA)
Subject: RE: Message from "14-PRT06"

Hi,
Both Kelly and Sarah are out of the office but I'm still here if you would like to discuss.

Opal
416-325-8142

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:23 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi - We just left a message for Sarah as we would like to discuss possible procurement and conflicts issues. I think that we will still need more information about the broader context here in order to advise on this.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:55 PM
To: Hanslep, Malle (MOF)

Cc: Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

Carlos is saying that there will be no financial compensation for the advisor. The benefit to it, is that it will gain insight into how the new structure works and experience with the spv which may be beneficial in obtaining work from the spv in the future. They won't provide for any compensation in the NDA itself.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:13 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Is there a domestic syndicate agreement?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Carlos Yep
Sent: Thursday, March 30, 2017 2:28 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Is the information being given to all 3 potential advisors or just the one that will be hired?
>only to one

What type of information is being given? Need a description.
>financial information associated with a special purpose vehicle being
>created and accompanying legislature being drafted

For what purpose is the advisor being given this information? What use will the advisor make of the information?
>to provide advice on the structure of financing alternatives for the
>special purpose vehicle

What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
>to provide advice on the structure of financing alternatives for the
>special purpose vehicle primary contacts will be the OFA and Energy as
>well as others within Ontario govt External contacts will be lawyers
>hired by Energy to help draft legislation Ontario government
>agencies/related parties and regulators: OPG, IESO, etc

What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?
>there is no procurement

How much and how will the advisor be paid?
>there is no fee paid

Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.
>advisor services are provided as part of domestic syndicate agreement

-----Original Message-----
From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:50 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 1:32 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have some precedent non-disclosure agreements that I have drafted in the past, but we need some more information.

Here are some questions that will assist:

Is the information being given to all 3 potential advisors or just the one that will be hired?
What type of information is being given? Need a description.
For what purpose is the advisor being given this information? What use will the advisor make of the information?
What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
What about internal disclosure within the advisor's company?
Is there a procurement process of any type to hire the advisor?
How much and how will the advisor be paid?
Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400

Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 12:43 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have read it over now. Should we have a short call about this. This is a significant project and does the Province/OFA/OEFC plan to hire a financial advisor to advise on aspects of it. Quite possibly there will be more than one advisory contract here as there seem to be capital markets, accounting, etc. issues involved here. Also, looking at the background information, I don't' know that it is necessarily clear who is going to the borrowing whether it's the Province or OEFC and which entity will provide the equity injection (Minister of Energy holds the shares in OPG). So we can't do a non-disclosure agreement in isolation. What information are we giving to the financial advisor and what are we asking them to do?

I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor will do, payment, etc. Sorry haven't read it yet.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:14 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400

Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

_____

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From:	Whitfield, Tobias P. (MOF)
To:	Sarah Neville
Cc:	Kelly Listoe; Opal Kandelas; Sarah Harris; Malle Hanslep (MOF)
Subject:	FW: NDA Agreement
Date:	Monday, April 03, 2017 4:46:40 PM
Attachments:	GA NDA April 3(1).doc

Thanks, Kelly.

I am forwarding this to Sarah Neville as well, as the OFA is the party to the agreement, so OFA Legal needs to review this as well.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 3, 2017 3:21 PM
To: Whitfield, Tobias P. (MOF)
Subject: RE: NDA Agreement

Hi Toby

I made a few small additions/ changes to the attached draft based on what I learned from Carlos. We are told that the OFA will sign it (Mike). It is fairly straightforward. Page 2 of the OPG white paper outlines a structure, but the ultimate draft of the legislation will impact it and advice will be needed once what is in the legislation is clearer. Advice needed is regarding financing alternatives/ structure for the spv. In addition, the banks/ advisor have their own Chinese Walls in place to deal with potential conflicts of interest.

Please confirm if the changes are ok.

Thanks,

Kelly

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 11:58 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: NDA Agreement

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.

Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.

We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.

Best

Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

~~[~~ONTARIO FINANCING AUTHORITY~~]~~ ~~**[NTD: WHO WILL BE THE CONTRACTING PARTY?]**~~
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province of Ontario and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving ~~an **[informal]**[NTD: Need to consider scope of retainer]~~ ~~assessment/~~advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 ~~Canadian~~ and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
   The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]** by or on behalf of ~~[~~**OFA**~~]~~ ~~[or Her Majesty in right of Ontario (the "Province")]~~ for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
   Without the prior written consent of ~~[~~**OFA**~~]~~, which consent may be withheld in ~~[~~**OFA**~~]~~**'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

(a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the ~~[~~**OFA**~~]~~ are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by ~~[~~**OFA**~~]~~ to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**
[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of ~~[~~**OFA**~~]~~ and/or the Province ~~[NTD: Could it also be information of OPG?]~~ and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and ~~[~~**OFA**~~]~~ regarding the Project identified therein, and to provide advice and/or further information to ~~[~~**OFA**~~]~~ in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**
[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**
[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, ~~,~~ ~~,~~directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**
Prior to disclosing any of the Project Information to any of its employees, partners,~~,~~ directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. Prior to commencing work, ~~T~~the Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners,~~,~~ directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in

trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

~~8. **Retention, Return or Destruction of Project Information**~~

~~[Suggest we do not include this unless requested to.]~~

~~**Adviser/Dealer]** shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.~~

~~9~~8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the ~~[~~**OFA**~~]~~ **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the ~~[~~**OFA**~~]~~ and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, ~~,~~ director or officer, shall be reported to the ~~[~~**OFA**~~]~~ by **[Adviser/Dealer]**.

~~9~~10. **Applicable Laws**

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treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

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Executive Director
Ontario Financing Authority
One Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7
Canada

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[Insert contact details]

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Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

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The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

13~~4~~. **Counterparts**
This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

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Name: Michael Manning
Title: Executive Director

[ADVISER/DEALER]
by:

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Subject:	FW: NDA Agreement
Date:	Monday, April 03, 2017 3:06:56 PM
Attachments:	GA NDA April 3(1).doc

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Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a

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We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

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- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
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- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

~~[~~ONTARIO FINANCING AUTHORITY~~]~~ ~~**[NTD: WHO WILL BE THE CONTRACTING PARTY?]**~~
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province of Ontario and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving ~~an **[informal]**[NTD: Need to consider scope of retainer]~~ ~~assessment/~~advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 ~~Canadian~~ and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
   The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]** by or on behalf of ~~[~~**OFA**~~]~~ ~~[or Her Majesty in right of Ontario (the "Province")]~~ for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
   Without the prior written consent of ~~[~~**OFA**~~]~~, which consent may be withheld in ~~[~~**OFA**~~]~~**'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

(a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the ~~[~~**OFA**~~]~~ are considering the Project identified in the Project Information; or

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3. **Use of the Project Information**
[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of ~~[~~**OFA**~~]~~ and/or the Province ~~[NTD: Could it also be information of OPG?]~~ and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and ~~[~~**OFA**~~]~~ regarding the Project identified therein, and to provide advice and/or further information to ~~[~~**OFA**~~]~~ in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**
[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**
[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, ~~,~~ ~~,~~directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**
Prior to disclosing any of the Project Information to any of its employees, partners,~~,~~ directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. Prior to commencing work, ~~T~~the Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners,~~,~~ directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in

trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

~~8. **Retention, Return or Destruction of Project Information**~~

~~[Suggest we do not include this unless requested to.]~~

~~**Adviser/Dealer]** shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.~~

~~9~~8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the ~~[~~**OFA**~~]~~ **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the ~~[~~**OFA**~~]~~ and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, ~~,~~ director or officer, shall be reported to the ~~[~~**OFA**~~]~~ by **[Adviser/Dealer]**.

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trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

~~8. **Retention, Return or Destruction of Project Information**~~

~~[Suggest we do not include this unless requested to.]~~

~~**Adviser/Dealer]** shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.~~

~~9~~8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the ~~[~~**OFA**~~]~~ **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the ~~[~~**OFA**~~]~~ and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, ~~,~~ director or officer, shall be reported to the ~~[~~**OFA**~~]~~ by **[Adviser/Dealer]**.

~~9~~10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

10~~1~~. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that ~~[~~**OFA**~~]~~ is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by ~~[~~**OFA**~~]~~ under this Agreement, **[Adviser/Dealer]** will cooperate with ~~[~~**OFA**~~]~~ in identifying records responsive to the request and responding to it in a timely manner.

11~~2~~. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.

The obligations of **[Adviser/Dealer]** after the return to ~~[~~**OFA**~~]~~ of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify ~~[~~**OFA**~~]~~ of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will provide the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential

treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

~~[Insert contact details]~~Mr. Michael Manning
Executive Director
Ontario Financing Authority
One Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7
Canada

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(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

12~~3~~. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

13~~4~~. **Counterparts**
This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

~~[~~**ONTARIO FINANCING AUTHORITY**~~]~~
by:

_____
Name: Michael Manning
Title: Executive Director

[ADVISER/DEALER]
by:

_____
Name:
Title:
I have the authority to bind the company.

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From:	Sarah Harris
To:	Opal Kandelas
Cc:	Kelly Listoe
Subject:	FW: NDA Agreement
Date:	Monday, April 03, 2017 2:49:13 PM
Attachments:	GA NDA April 3.doc Sample Advisory Agreement.PDF

Hi Opal,

Kelly is looking into the first 3 bullet points as the relate to the NDA.

The attached advisory agreement seems to be overkill for the what I understand to be a very narrow scope of advice being given. It seems to me that as long as we state the type of advice being provided in the NDA, with *possibly* a conflict of interest rep in the NDA, I think that would cover what is needed.

Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 11:58 AM
To: Kelly Listoe ; Opal Kandelas ; Sarah Harris
Cc: Malle Hanslep (MOF)
Subject: NDA Agreement

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.

Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.

We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

[ONTARIO FINANCING AUTHORITY][NTD: WHO WILL BE THE CONTRACTING PARTY?]
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving an [**informal][NTD: Need to consider scope of retainer]** assessment/advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 Canadian and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]**by or on behalf of [**OFA]** [or Her Majesty in right of Ontario (the "Province")] for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of **[OFA]**, which consent may be withheld in [**OFA]'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

(a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the **[OFA]** are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by **[OFA]** to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of **[OFA]** and/or the Province [NTD: Could it also be information of OPG?] and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and **[OFA]** regarding the Project identified therein, and to provide advice and/or further information to **[OFA]** in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, , directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,, directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. The Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners, , directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

8. **Retention, Return or Destruction of Project Information**

[Suggest we do not include this unless requested to.]

Adviser/Dealer] shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.

9. **Breach**

[Adviser/Dealer] acknowledges that breach of any provision of this Agreement will result in immediate and irreparable harm to **[OFA] and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach **[OFA]** and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, , director or officer, shall be reported to **[OFA]** by **[Adviser/Dealer]**.

10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

11. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that **[OFA]** is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by **[OFA]** under this Agreement, **[Adviser/Dealer]** will cooperate with **[OFA]** in identifying records responsive to the request and responding to it in a timely manner.

12. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.
The obligations of **[Adviser/Dealer]** after the return to **[OFA]** of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify **[OFA]** of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

[Insert contact details]

(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

13. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

14. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

[ONTARIO FINANCING AUTHORITY]
by:

_____

Name: ●
Title: ●

[ADVISER/DEALER]
by:

_____

Name:
Title:
I have the authority to bind the company.

FINANCIAL ADVISORY SERVICES

AGREEMENT

THIS AGREEMENT ("the Agreement"), made in duplicate, for Financial Advisory Services is effective as of the **16th of August, 2004.**

BETWEEN:

Ontario Financing Authority

(referred to as "OFA")

AND:

CIBC World Markets Inc.

(referred to as the "Supplier")

In consideration of their respective agreements set out below, the parties covenant and agree as follows:

ARTICLE 1 – INTERPRETATION AND GENERAL PROVISIONS

1.01 **Defined Terms**

When used in the Agreement, the following words or expressions have the following meanings:

"Authority" means any government authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Agreement; and **"Authorities"** means all such authorities, agencies, bodies and departments;

"**Business Day**" means 8:00 a.m. to 5:00 p.m. any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year's Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day which the OFA has elected to be closed for business;

"Confidential Information" means all information of the Province (including the OFA and OEFC) and OPG that is of a confidential nature, including all confidential information in the custody or control of OFA, the Province and OPG, regardless of whether it is identified as confidential or not, and whether recorded or not, and however fixed, stored, expressed or embodied, which comes into the knowledge, possession or control of the Supplier in connection with the Agreement. For the purposes or greater certainty, Confidential Information shall:

(a) include: (i) all new information derived at any time from any such information whether created by OFA, the Province or OPG, the Supplier or any third-party; (ii) all information (including Personal Information) that OFA, the Province and OPG is obliged, or has the discretion, not to disclose under provincial or federal legislation; (iii) the fact that Confidential Information has been made available to the Supplier; (iv) the Deliverables;

(b) not include information that: (i) is or becomes generally available to the public without fault or breach on the part of the Supplier of any duty of confidentiality owed by the Supplier to OFA, the Province or OPG or to any third-party; (ii) the Supplier can demonstrate to have been rightfully obtained by the Supplier, without any obligation of confidence, from a third-party who had the right to transfer or disclose it to the Supplier free of any obligation of confidence; (iii) the Supplier can demonstrate to have been rightfully known to or in the possession of the Supplier at the time of disclosure, free of any obligation of confidence when disclosed; or (iv) is independently developed by the Supplier; but the exclusions in this subparagraph shall in no way limit the meaning of Personal Information or the obligations attaching thereto under the Agreement or at law;

"**Conflict of Interest**" includes, but is not limited to, any situation or circumstance where:

(a) in relation to the RFP process, the proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) having or having access to information in the preparation of its Proposal that is confidential to the OFA and not available to other proponents; (ii) communicating with any person with a view to influencing preferred treatment in the RFP process; or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the competitive RFP process and render that process non-competitive and unfair; or;

(b) in relation to the performance of its contractual obligations in this Agreement, the Supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

"Deliverables" means everything developed for or provided to the OFA in the course of performing under the Agreement or agreed to be provided to the OFA under the Agreement, by the Supplier or its partners, employees, volunteers, agents or subcontractors, as further defined, but not limited by Schedule 1, including but not limited to any goods or services or any and all Intellectual Property and any and all concepts, techniques, ideas, information, documentation and other materials, however recorded, developed or provided;

"Derivative Work" means a work based on the Supplier's Intellectual Property including, without limitation, an adaptation, modification, translation, expansion, condensation or transformation, that if prepared without authorization, would constitute copyright infringement or infringement of any other Intellectual Property right;

"FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended.

"Fiscal Year" means the period running from April 1 in one calendar year to, and including, March 31 in the next calendar year.

"Government" means the Government of Ontario;

"Indemnified Parties" means OFA, directors, appointees and employees of the OFA, and Her Majesty the Queen in right of Ontario, her Ministers, appointees and employees;

"Industry Standards" include, but are not limited to (a) the provision of any and all labour, supplies, equipment and other goods or services that are necessary and can reasonably be understood or inferred to be included within the scope of the Agreement or customarily furnished by Persons providing Deliverables of the type provided hereunder in similar situations in Ontario and; (b) adherence to commonly accepted norms of ethical business practices, which shall include the Supplier establishing, and ensuring adherence to, precautions to prevent its employees or agents from providing or offering gifts or hospitality of greater than nominal value to any person acting on behalf of or employed by OFA and the Province.

"Intellectual Property" means any intellectual, industrial or other proprietary right of any type in any form protected or protectable under the laws of Canada, any foreign country, or any political subdivision of any country, including, without limitation, any intellectual, industrial or proprietary rights protected or protectable by legislation, by common law or at equity;

"Newly Created Intellectual Property" means any Intellectual Property created by the Supplier in the course of performance of its obligations under the Agreement;

"OFA" means Ontario Financing Authority;

"OFA Address" means 1 Dundas Street West, Suite 1400, Toronto, Ontario, M7A 1Y7;

"OFA Representative" means Chief Executive Officer (CEO), OFA;

"OPG" means Ontario Power Generation Inc. and its subsidiaries;

"Person" if the context allows, includes any persons, firms, partnerships or corporations or any combination thereof;

"Personal Information" has the same definition as in subsection 2(1) of FIPPA, that is, recorded information about an identifiable individual or that may identify an individual and includes all such information obtained by the Supplier from the OFA or the Province or OPG or their respective agents or created by the Supplier pursuant to the Agreement;

"Proceeding" means any action, claim, demand, lawsuit, or other proceeding;

"Proposal" means all the documentation submitted by the Supplier in response to the Request for Proposal;

"Province" means Her Majesty the Queen in right of Ontario including any ministries and agencies of the Province including OEFC and OFA and "Provincial" has a corresponding meaning;

"Rates" means the applicable price, in Canadian funds, to be charged for the applicable Deliverables, as set out in Schedule 1, representing the full amount chargeable by the Supplier for the provision of the Deliverables, including but not limited to (a) all applicable duties and taxes, including Goods and Services Tax; (b) all labour and material costs; (c) all travel and carriage costs (d) all insurance costs; and (e) all other overhead including any fees or other charges required by law;

"Record", for the purposes of the Agreement, means any recorded information, including any Personal Information, in any form: (a) provided by OFA or the Province to the Supplier, or provided by the Supplier to OFA, for the purposes of the Agreement; or (b) created by the Supplier in the performance of the Agreement for delivery or presentation to the OFA or use by the OFA;

"Requirements of Law" mean all applicable requirements, laws, statutes, codes, acts, ordinances, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorisations, directions, and agreements with all Authorities that now or at any time hereafter may be applicable to either the Agreement or the Deliverables or any part of them;

"RFP" means the Request for Proposals dated **[*insert date*]** for **[*insert name of RFP*]**, reference number **[*insert reference number*]** issued by OFA for the Deliverables and any addenda to it;

"Supplier Address" and **"Supplier Representative,"** mean:

CIBC World Markets Inc.
161 Bay Street, 6th Floor
Toronto, ON M5J 2S8
Attention: Ron Munkley
Phone No: (416) 594 7863
Facsimile No. (416) 956 6334

"Supplier's Intellectual Property" means Intellectual Property owned by the Supplier prior to its performance under the Agreement or created by the Supplier during the Term of the Agreement independently of the performance of its obligations under the Agreement;

"Term" means the period of time from the effective date first above written to the satisfactory provision of all Deliverables unless this Agreement is terminated early in accordance with the provisions of this Agreement in which case the Term shall end on the expiry or termination date, as the case may be;

"Third-Party Intellectual Property" means any Intellectual Property owned by a party other than OFA or the Province or the Supplier.

1.02 **Entire Agreement**

The Agreement, including the Schedules, embodies the entire agreement between the parties with regard to the provision of Deliverables and supersedes any prior understanding or agreement, collateral, oral or otherwise, existing between the parties at the date of execution of the Agreement.

1.03 **Severability**
If any term or condition of the Agreement, or the application thereof to the parties or to any Persons or circumstances, is to any extent invalid or unenforceable, the remainder of the Agreement, and the application of such term or condition to the parties, Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

1.04 **Interpretive Value of Documents**
In the event of a conflict or inconsistency in any provisions in the Agreement, the main body of the Agreement shall govern over the Schedules to the Agreement.

1.05 **Interpretive Value of Headings**
The headings in the Agreement are for convenience of reference only and in no manner modify, interpret or construe the Agreement.

1.06 **Force Majeure**
Neither party shall be liable for damages caused by delay or failure to perform its obligations under the Agreement where such delay or failure is caused by an event beyond its reasonable control. The parties agree that an event shall not be considered beyond one's reasonable control if a reasonable business person applying due diligence in the same or similar circumstances under the same or similar obligations as those contained in the Agreement would have put in place contingency plans to either materially mitigate or negate the effects of such event. Without limiting the generality of the foregoing, the parties agree that force majeure events shall include natural disasters and acts of war, insurrection and terrorism but shall not include shortages or delays relating to supplies or services. If a party seeks to excuse itself from its obligations under this Agreement due to a force majeure event, that party shall immediately notify the other party of the delay or non-performance, the reason for such delay or non-performance and the anticipated period of delay or non-performance. If the anticipated or actual delay or non-performance exceeds fifteen (15) Business Days, the other party may immediately terminate the Agreement by giving notice of termination and such termination shall be in addition to the other rights and remedies of the terminating party under the Agreement, at law or in equity.

1.07 **Notices**
Notices shall be in writing and shall be delivered by postage-prepaid envelope, personal delivery or facsimile and shall be addressed to, respectively, the OFA Address to the attention of the OFA Representative and to the Supplier Address to the attention of the Supplier Representative. Notices shall be deemed to have been given (a) in the case of postage-prepaid envelope, five (5) Business Days after such notice is mailed; or (b) in the case of personal delivery or facsimile one (1) Business Day after such notice is received by the other party. In the event of a postal disruption, notices must be given by personal delivery or by facsimile. Unless the parties expressly agree in writing to additional methods of notice, notices may only be provided by the methods contemplated in this paragraph.

1.08 **Governing Law**
The Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.09 **Survival**
All warranties and representations about quality, skills, qualifications and experience, the intellectual property provisions, the confidentiality provisions, the indemnity provisions, document retention and audit provisions, termination provisions, and any clauses about remedies shall remain in force after the Term of the Agreement.

ARTICLE 2 – LEGAL RELATIONSHIP BETWEEN OFA, SUPPLIER AND THIRD-PARTIES

2.01 **Supplier's Power to Contract**
The Supplier represents and warrants that it has the full right and power to enter into the Agreement and there is no agreement with any other Person which would in any way interfere with the rights of OFA under this Agreement.

2.02 **Representatives May Bind the Parties**
The parties represent that their respective representatives have the authority to legally bind them to the extent permissible by the Requirements of Law.

2.03 **Responsibility of Supplier**

The Supplier agrees that it is liable for the acts and omissions of its directors, officers, employees, agents, partners, volunteers and subcontractors. This paragraph is in addition to any and all of the Supplier's liabilities under the Agreement and under the general application of law. The Supplier shall advise these individuals and entities of its obligations under the Agreement and, without limiting the generality of the foregoing, shall take appropriate action to ensure compliance with (a) the Agreement generally and (b) with the requirements of Article 5 (Confidentiality and FIPPA) of the Agreement. In addition to any other liabilities of the Supplier pursuant to the Agreement or otherwise at law or in equity, the Supplier shall be liable for all damages, costs, expenses, losses, claims or actions arising from any breach of the Agreement resulting from the actions of the above mentioned individuals and entities.

2.04 **No Subcontracting or Assignment**

The Supplier shall not subcontract or assign the whole or any part of the Agreement or any monies due under it without the prior written consent of OFA. Such consent shall be in the sole discretion of OFA and subject to the terms and conditions that may be imposed OFA. Without limiting the generality of the conditions which OFA may require prior to consenting to the Supplier's use of a subcontractor, every contract entered into by the Supplier with a subcontractor shall adopt all of the terms and conditions of this Agreement as far as applicable to those parts of the Deliverables provided by the subcontractor. Nothing contained in the Agreement shall create a contractual relationship between any subcontractor or its employees and OFA.

2.05 **Duty to Disclose Change of Control**

In the event that the Supplier undergoes a change in control the Supplier shall immediately disclose such change in control to OFA and shall comply with any terms and conditions subsequently prescribed by OFA resulting from the disclosure.

2.06 **Agreement Binding**

The Agreement shall enure to the benefit of and be binding upon the parties and their successors, executors, administrators and their permitted assigns.

ARTICLE 3 - PERFORMANCE BY SUPPLIER

3.01 **Commencement of Performance**

The Supplier shall commence performance upon receipt of instructions and advice from OFA.

3.02 **Performance Warranty**

The Supplier hereby represents and warrants that the Deliverables shall be provided fully and diligently in a professional and competent manner by persons qualified and skilled in their occupations and furthermore that all Deliverables will be provided in accordance with (a) the Agreement; (b) Industry Standards; and (c) Requirements of Law. If any of the Deliverables, in the opinion of OFA, are inadequately provided or require corrections, the Supplier shall forthwith make the necessary corrections at its own expense as specified by OFA in a rectification notice.

3.03 **Notification by Supplier to OFA**

During the Term, the Supplier shall notify OFA promptly of (a) any contradictions, discrepancies or errors found or noted in the Agreement; (b) supplementary details, instructions or directions that do not correspond with those contained in the Agreement; and (c) any omissions or other faults that become evident and should be corrected in order to provide the Deliverables in accordance with the Agreement and Requirements of Law.

3.04 **Condonation Not a Waiver**

Any failure by OFA to insist in one or more instances upon strict performance by the Supplier of any of the terms or conditions of the Agreement shall not be construed as a waiver by OFA of its right to require strict performance of any such terms or conditions, and the obligations of the Supplier with respect to such performance shall continue in full force and effect.

3.05 **Changes By Written Amendment Only**

Any changes to the Agreement shall be by written amendment executed by the parties. No changes shall be effective or shall be carried out in the absence of such an amendment.

3.06 **Supplier to Comply With Reasonable Change Requests**

OFA may, in writing, request changes to the Agreement, which may include altering, adding to, or deleting any of the Deliverables. The Supplier shall comply with all reasonable OFA change requests and the performance of such request shall be in accordance with the terms and conditions of the Agreement. If the Supplier is unable to comply with the change request, it shall promptly notify OFA and provide reasons for such non-compliance. In any event, any such change request shall not be effective until a written amendment reflecting the change has been executed by the parties.

3.07 **Pricing for Requested Changes**

Where an OFA change request includes an increase in the scope of the previously contemplated Deliverables, OFA shall set out, in its change request, the proposed prices for the contemplated changes. Where the Rates in effect at the time of the change request:

(i) includes pricing for the type of goods or services contemplated in the change request, the Supplier shall not unreasonably refuse to provide those goods or services at prices consistent with those Rates; or

(ii) are silent to the applicable price for the particular goods or services contemplated in the change request, the price shall be negotiated between the OFA and the Supplier within a reasonable period of time;

and in any event, such change request shall not become effective until a written amendment reflecting the change has been executed by the parties.

3.08 **Work Volumes**

The Supplier acknowledges that it is providing the Deliverables to OFA on a non-exclusive basis. OFA makes no representation regarding the volume of goods and services required under the Agreement. OFA reserves the right to contract with other parties for the same or similar goods and services as those provided by the Supplier and reserves the right to obtain the same or similar goods and services internally or to not acquire such services from the Supplier.

3.09 **Performance by Specified Individuals Only**

The Supplier agrees that to the extent that specific individuals are named in Schedule 1 (Proposal) as being responsible for the provision of the Deliverables, only those individuals shall provide the Deliverables under the Agreement. The Supplier shall not replace or substitute any of the individuals named in Schedule 1 (Proposal) without the prior written approval of OFA, which may not arbitrarily or unreasonably be withheld. Should the Supplier require the substitution or replacement of any of the individuals named in Schedule 1 (Proposal), it is understood and agreed that any proposed replacement must possess similar or greater qualifications than the individual named in Schedule 1 (Proposal). The Supplier shall not claim fees for any replacement individual greater than the Rates established under Schedule 1 (Proposal). The Supplier shall replace any of its personnel if they are unacceptable to OFA because of security risk, incompetence, conflict of interest, breach of confidentiality or improper conduct upon receiving written notice from OFA.

3.10 **Facility Rules**

Should the Supplier be required to attend on OFA or Provincial property, the Supplier shall obey all fire, safety and other applicable rules of the facility. All damage to an OFA or Provincial facility and/or equipment, or any mishaps or accidents involving OFA and/or Provincial personnel, facilities and/or equipment shall be reported immediately to the OFA Representative.

3.11 **OFA Rights and Remedies and Supplier Obligations Not Limited to Agreement**

The express rights and remedies of OFA and obligations of the Supplier set out in the Agreement are in addition to and shall not limit any other rights and remedies available to OFA or any other obligations of the Supplier at law or in equity.

ARTICLE 4 - PAYMENT FOR PERFORMANCE

4.01 **Payment of Rates Including Approved Disbursements and Expenses**

OFA shall, subject to the Supplier's compliance with the provisions of the Agreement, pay the Supplier for the Deliverables provided at the Rates established under the Agreement. All disbursements or expenses shall be reasonable and air travel and accommodation expenses be approved in advance by the OFA, acting reasonably.

4.02 **Default Billing and Payment Process**
Unless the parties expressly set out an alternative billing and payment process in Schedule 1, the following process shall govern:

(a) the Supplier shall provide the OFA with a monthly billing statement no later than ten (10) Business Days after the end of each month and that billing statement shall include (i) the reference number assigned to the Agreement by the OFA; (ii) a brief description of the Deliverables provided for the relevant month; and (iii) any disbursements, expenses or taxes, if payable by OFA, identified as separate items;

(b) the OFA shall approve or reject the billing statement within fifteen (15) Business Days and in the event that the OFA rejects the billing statement, it shall so advise the Supplier promptly in writing and the Supplier shall provide additional information as required by the OFA to substantiate the billing statement; and

(c) each billing statement must be approved by the OFA before any payment is released and payment shall be made within thirty (30) Business Days of such approval;

and any subparagraph set out above that is not expressly replaced in Schedule 1 with an alternative provision shall remain in full force and effect.

4.03 **Hold Back or Set Off**
OFA may hold back payment or set off against payment if, in the opinion of the OFA acting reasonably, the Supplier has failed to comply with any requirements of the Agreement.

4.04 **Additional Charges**
There shall be no other charges payable by OFA under the Agreement to the Supplier other than the Rates established under the Agreement.

4.05 **Payment of Taxes and Duties**
Unless otherwise stated, the Supplier shall pay all applicable taxes, including excise taxes incurred by or on the Supplier's behalf with respect to the Agreement.

4.06 **OFA GST Exempt**
The OFA hereby certifies that the Deliverables are required for the use of the Crown and are therefore not subject to the federal Goods and Services Tax.

4.07 **Document Retention and Audit**
For seven (7) years after the expiration of the Term the Supplier shall maintain all necessary records to substantiate (a) all charges and payments under the Agreement and (b) that the Deliverables were provided in accordance with the Agreement and with Requirements of Law. During the Term, and for seven (7) years after the end of the Term, the Supplier shall permit and assist OFA in conducting audits of the operations of the Supplier to verify (a) and (b) above. OFA shall provide the Supplier with at least ten (10) Business Days prior notice of its requirement for such audit.

The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 5 - CONFIDENTIALITY AND FIPPA

5.01 **Confidentiality and Promotion Restrictions**
Any publicity or publications related to the Agreement shall be at the sole discretion of the OFA. The OFA may, in its sole discretion, acknowledge the Deliverables provided by the Supplier in any such publicity or publication. The Supplier shall not make use of its association with the OFA without the prior written consent of the OFA. Without limiting the generality of this paragraph, the Supplier shall not, among other things, at any time directly or indirectly communicate with the media in relation to the Agreement unless it has first obtained the express written authorization to do so by the OFA.

5.02 **OFA, OPG, and the Government Confidential Information**

During and following the Term, the Supplier shall (a) keep all Confidential Information confidential and secure; (b) limit the disclosure of Confidential Information to only (i) those employees who have a need to know it and who have been specifically authorized to have such disclosure (ii) and to the other suppliers that have been retained subject to similar confidentiality obligations by OFA and identified by OFA to the Supplier for the sole purpose of providing to OFA or assisting the Supplier in providing to OFA the Deliverables pursuant to the Agreement and then only to the extent they need to know the Confidential Information for such purpose; (c) not directly or indirectly disclose, destroy, exploit or use any Confidential Information (except for the purpose of providing the Deliverables, or except if required by order of a court or tribunal), without first obtaining: (i) the written consent of OFA and (ii) in respect of any Confidential Information about any third-party, the written consent of such third-party; (d) provide Confidential Information to OFA on demand; and (e) deliver all Confidential Information to OFA before the termination or expiry of the Term, with no copy or portion kept by the Supplier, except that the Supplier may retain one copy for due diligence defence purposes, which copy shall be held securely and in accordance with the terms of this Agreement.

5.03 **Restrictions on Copying**

The Supplier shall not copy any Confidential Information, in whole or in part, unless copying is essential for the provision of the Deliverables. On each copy made by the Supplier, the Supplier must reproduce all notices which appear on the original.

5.04 **Injunctive and Other Relief**

The Supplier acknowledges that breach of any provisions of this Article may cause irreparable harm to OFA, the Province or to any third-party to whom OFA owes a duty of confidence, and that the injury to OFA, the Province or to any third-party may be difficult to calculate and inadequately compensable in damages. The Supplier agrees that each of OFA and the Province is entitled to obtain injunctive relief (without proving any damage sustained by it or by any third-party) or any other remedy against any actual or potential breach of the provisions of this Article.

5.05 **Notice and Protective Order**

If the Supplier or any of its directors, officers, employees, agents, representatives or advisors become legally compelled to disclose any Confidential Information, the Supplier will provide OFA with prompt notice to that effect in order to allow OFA or the Province, as the case may be, to seek one or more protective orders or other appropriate remedies to prevent or limit such disclosure, and it shall co-operate with OFA and the Province and their respective legal counsel to the fullest extent. If such protective orders or other remedies are not obtained, the Supplier will disclose only that portion of Confidential Information which the Supplier is legally compelled to disclose, only to such person or persons to which the Supplier is legally compelled to disclose, and the Supplier shall provide notice to each such recipient (in co-operation with legal counsel for OFA or the Province, as the case may be) that such Confidential Information is confidential and subject to non-disclosure on terms and conditions equal to those contained in the Agreement and, if possible, shall obtain each recipient's written agreement to receive and use such Confidential Information subject to those terms and conditions.

5.06 **Notification of Confidentiality Provisions**

The Supplier shall notify each of its partners, employees, directors, and officers and subcontractors who have access to any of the Confidential Information ("the Notified Parties") of the obligations contained in the Agreement with respect to the confidentiality of the Confidential Information and the restrictions on disclosure and use of the Confidential Information. The Supplier has advised or will advise, as the case may be, the Notified Parties of their obligations concerning the confidentiality of the Confidential Information and shall obtain the agreement of each of the Notified Parties to abide by the terms and conditions of the Agreement. The Supplier agrees to enforce such obligations to the extent required to prevent unauthorised disclosure of Confidential Information and to prevent any partner, employee, director, or officer (the "Representatives") from making unauthorised use of Confidential Information. The Supplier agrees to be responsible for any breach of confidentiality by any of the Representatives and agrees to indemnify OFA and the Province and OPG for all damages, costs, expenses, losses, claims or actions arising from any failure by the Supplier or any of the Representatives to comply with the confidentiality obligations in the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

5.07 **FIPPA Records and Compliance**
The Supplier and OFA acknowledge and agree that FIPPA applies to and governs all Records and may require the disclosure of such Records to third parties. Furthermore, the Supplier agrees:

(a) to keep Records secure;

(b) to provide Records to OFA within five (5) Business Days of being directed to do so by OFA for any reason including an access request or privacy issue;

(c) not to access any Personal Information unless OFA determines, in its sole discretion, that access is permitted under FIPPA and is necessary in order to provide the Deliverables;

(d) not to directly or indirectly use, collect, disclose or destroy any Personal Information for any purposes that are not authorized by OFA;

(e) to ensure the security and integrity of Personal Information and keep it in a physically secure and separate location safe from loss, alteration, destruction or intermingling with other records and databases and to implement, use and maintain the most appropriate products, tools, measures and procedures to do so;

(f) to restrict access to Personal Information to those of its employees who have a need to know it and who have been specifically authorized to have such access for the purpose of providing the Deliverables;

(g) to implement other specific security measures that in the reasonable opinion of OFA would improve the adequacy and effectiveness of the Supplier's measures to ensure the security and integrity of Personal Information and Records generally; and

(h) that any confidential information supplied to OFA or the Province may be disclosed by OFA or the Province where it is obligated to do so under FIPPA, by an order of a court or tribunal or pursuant to a legal proceeding.

5.08 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 6 – INTELLECTUAL PROPERTY

6.01 **OFA Intellectual Property**
The Supplier agrees that all Intellectual Property and every other right, title and interest in and to all concepts, techniques, ideas, information and materials, however recorded, (including images and data) provided by OFA or the Province to the Supplier shall remain the sole property of OFA or the Province, as the case may be, at all times.

6.02 **No Use of Insignia**
The Supplier shall not use any insignia or logo of OFA or the Province.

6.03 **Ownership of Intellectual Property**
OFA on behalf of the Province shall be the sole owner of any Newly Created Intellectual Property. The Supplier irrevocably assigns to and in favour of OFA and OFA accepts every right, title and interest in and to all Newly Created Intellectual Property in the Deliverables, immediately following the creation thereof, for all time. OFA grants to the Province a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, the Newly Created Intellectual Property in the Deliverables (b) to use, execute, make, have made, have used, display, distribute perform, reproduce and prepare, in any form, Derivative Work based on the Newly Created Intellectual Property in the Deliverables and (c) to practise and have practised any process or method (or both) associated with such Derivative Work;

To the extent that any of the Deliverables include, in whole or in part, the Supplier's Intellectual Property, the Supplier grants to OFA and the Province a licence to use that Supplier Intellectual

Property in the manner contemplated in this Article, the total consideration for which shall be payment of the Rates on the terms and to the Supplier by OFA.

6.04 **Presumption Governing Ownership**

The presumption governing the Agreement shall be that OFA on behalf of the Province shall be the sole owner of any Intellectual Property in any form contained in any of the Deliverables. If the Supplier's Intellectual Property forms any part of the Deliverables, the Supplier shall notify OFA of such prior to the delivery of the particular Deliverable containing any such Supplier Intellectual Property. In the absence of any such notice the presumption shall remain that OFA is the sole owner of any Intellectual Property contained in the Deliverables.

6.05 **Supplier's Grant of Licence**

For those parts of the Deliverables that are Supplier Intellectual Property, the Supplier grants to OFA and the Province, a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, copies of those Deliverables and to practice and have practised any process or method (or both) associated with such Deliverables; and (b) to use, execute, make, have made, have used, display, distribute, perform, reproduce and prepare, in any form, Derivative Work based on those Deliverables and to practise and have practised any process or method (or both) associated with such Derivative Work; and (c) authorize other Persons including agents, contractors or sub-contractors to do any of the former on behalf of OFA or the Province, provided that the OFA and the Province shall be entitled to use and authorize other Persons to use the Supplier Intellectual Property for the purposes of the Province only and not for resale or other commercial exploitation thereof.

6.06 **No Restrictive Material in Deliverables**

The Supplier waives, and shall not incorporate into any Deliverables anything that would restrict the right of OFA or the Province to modify, further develop or otherwise use the Deliverables in any way that OFA or the Province deems necessary, or that would prevent OFA or the Province from entering into any contract with any contractor other than the Supplier for the modification, further development of or other use of the Deliverables. However, to the extent that any of the Deliverables constitutes any professional opinion, judgement or financial advice of the Supplier, the preceding sentence will not restrict or prevent the Supplier from addressing such opinions, judgements and financial advice solely to the OFA and the Province or from including customary assumptions, qualifications and limitations respecting reliance by parties other than the Indemnified Parties in such Deliverables.

6.07 **Supplier Representation and Warranty Regarding Third-Party Intellectual Property**

The Supplier represents and warrants that the provision of the Deliverables shall not infringe or induce the infringement of any Third-Party Intellectual Property rights. The Supplier further represents and warrants that it has obtained assurances with respect to any Third-Party Intellectual Property that any rights of integrity or any other moral rights associated therewith have been waived.

6.08 **Moral Rights**

The Supplier shall obtain waivers of all rights of integrity and any other moral rights in relation to the Deliverables from its employees, volunteers, agents and subcontractors and from any other party in the position to assert such rights in relation to any of the Deliverables, which waivers may be invoked without restriction by any person authorized by OFA or the Province to use the Deliverables.

6.09 **Copyright Notice**

The Supplier shall place a copyright notice in the following form on all recorded Deliverables it provides to OFA:

"© Queen's Printer for Ontario, 2004"

6.10 **Further Assurances Regarding Copyright**

At the request of OFA, at any time or from time to time, the Supplier shall execute and agrees to cause anyone in the position to assert rights of integrity or any other moral right (including its employees, volunteers, agents and subcontractors) to execute a written assignment of copyright and waiver of moral rights in the applicable Deliverable to the OFA in the forms set out in Schedule 2. The Supplier shall assist OFA in preparing any Canadian copyright registration that OFA considers appropriate. The Supplier will obtain or execute any other document reasonably required by OFA to protect the Intellectual Property of OFA.

6.11 **OFA May Prescribe Further Compliance**
OFA reserves the right to prescribe the specific manner in which the Supplier shall perform its obligations relating to this Article.

6.12 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 7 – CONFLICT OF INTEREST

7.01 The Supplier acknowledges it owes the OFA and the Province of Ontario a duty to promote the interests of OFA and the Province of Ontario in carrying out the Services. The overriding obligation the Supplier is to avoid actual or perceived conflicts between its private interests and those of OFA and the Province (including OFA and OEFC).

7.02 The Supplier shall not, in its provision of the Deliverables, engage in any activity, business or undertaking, whether as Supplier or otherwise, that could create a conflict of interest or potential conflict of interest. Included in the prohibitions on the Supplier are the following:

(a) engaging in any activity, business or undertaking that may conflict or be perceived as conflicting with the performance by the Supplier of the duties and obligations under this Agreement;

(b) directly or indirectly benefiting from any activity related to this Agreement otherwise than as specifically contemplated by this Agreement;

(c) circumstances where the supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

7.03 If required by the OFA for the purpose of complying with section 7.02 , the Supplier agrees to:

(a) file with the OFA a Plan to Prevent Conflict of Interest in respect of any particular actual or potential conflict of interest;

(b) file and cause its partners, directors, officers or employees who are providing the Services under this Agreement to file with the OFA declarations disclosing their interests in a manner equivalent to that set out in Section 13 of O.Reg 435/97 and their personal relationships (if any) with the firms and named individuals employed by or affiliated with OPG or any OEB licensed wholesale or retail electricity market participant in Ontario; and

(c) cause its partners, directors, officers or employees who are providing the Deliverables under this Agreement to execute confidentiality undertakings and provide copies to the OFA.

Upon the occurrence of any change in circumstance that renders any certificate or information filed or provided by the Supplier either incorrect or incomplete, the Supplier shall forthwith notify the OFA as set out in this Article of the change in circumstance in detail.

7.04 If any activities or prior activities of the Supplier could constitute an actual or potential conflict of interest in respect of this Agreement, the Supplier shall without delay make full, true and plain disclosure to the OFA of all relevant information about the particular activity, business or undertaking in question to the satisfaction of the OFA or its agent and abide by the decision of the OFA.

7.05 Upon any disclosure made by a Supplier or any other person in relation to the activities of the Supplier, of any activity, business or undertaking that could create a conflict of interest in respect of this Agreement, the OFA may, in its sole discretion:

(a) require that the Supplier:
  (i) deliver further and detailed particulars of the activity, business or undertaking;
  (ii) elect between the continuation of the Agreement and the continuation of the activity, business or undertaking concerned; and/or

(iii) institute measures which in the opinion of the OFA eliminate, resolve, isolate, diminish or nullify any perceived conflict of interest;

(b) terminate the Agreement effective upon written notice to such effect, and/or

(c) take such other steps as may be necessary to address the conflict including the institution of proceedings.

Where the OFA recommends that the Supplier take certain action, or refrain from taking certain action, the Supplier shall abide by the recommendation. The Supplier's failure to do so may result in the termination of the Supplier's Agreement in the sole discretion of the OFA.

7.06 Information disclosed by the Supplier to the OFA as contemplated under section 7.05 is confidential and shall not be disclosed to any person, except:

(a) on the consent of all parties;
(b) as required by law or by the order of a tribunal or court;
(c) such persons, if any, as the Supplier or the OFA may consult in respect of the conflict of interest; or
(d) in any proceedings between the OFA and the Supplier for breach of obligations under Article 7.

ARTICLE 8 – INDEMNITY AND INSURANCE

8.01 **Supplier Indemnity**
The Supplier hereby agrees to indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings, (collectively, "Claims"), by whomever made, sustained, brought or prosecuted, including for third party bodily injury (including death), personal injury and property damage arising from the negligence, errors, omissions or wilful misconduct of the Supplier, its subcontractors or their respective directors, partners, officers, agents, employees or independent contractors in the course of performance of the Supplier's obligations under, or otherwise in connection with, the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

8.02 **Supplier's Insurance**
The Supplier shall maintain errors & omissions liability insurance (external coverage and/or self-insured coverage), insuring liability for errors and omissions in the performance or failure to perform the services contemplated in this agreement, in the amount not less than $5,000,000 per claim and in the annual aggregate.

8.03 **Supplier Participation in Proceedings**
The Supplier shall, at its expense, to the extent requested by OFA or the Province participate in or conduct the defence of any Claim against any Indemnified Parties referred to in this Article and any negotiations for their settlement. OFA or the Province may elect to participate in or conduct the defence of any such Claim by notifying the Supplier in writing of such election without prejudice to any other rights or remedies of OFA or the Province under the Agreement, at law or in equity. Each party participating in the defence shall do so by actively participating with the other's counsel. No settlement shall be entered into by the Supplier unless it has obtained the prior written approval of OFA or the Province, as the case may be. If the Supplier is requested by OFA or the Province to participate in or conduct the defence of any such Claim, OFA or the Province agrees to co-operate with and assist the Supplier to the fullest extent possible in the Claim and any related settlement negotiations. If OFA or the Province conducts the defence of any such Claim, the Supplier agrees to co-operate with and assist OFA or the Province to the fullest extent possible in the Claim and any related settlement negotiations; provided that no settlement of such Claim shall be entered into by any Indemnified Party unless it has obtained the prior written consent of the Supplier, such consent not to be unreasonably withheld.

8.04 The provisions of this Article survive the termination or expiry of the Agreement.

ARTICLE 9 – TERMINATION, EXPIRY AND EXTENSION

9.01 **Immediate Termination of Agreement**
OFA may immediately terminate the Agreement upon giving notice to the Supplier where:

(a) the Supplier is adjudged bankrupt, is insolvent, makes a general assignment for the benefit of its creditors or a receiver, liquidator or similar official is appointed on account of the Supplier's insolvency;

(b) the Supplier breaches any provision in Article 5 (Confidentiality and FIPPA) of the Agreement;

(c) the Supplier breaches any provision in Article 7 (Conflict of Interest) of the Agreement;

(d) the Supplier, prior to or after executing the Agreement, makes a material misrepresentation or omission or provides materially inaccurate information to OFA;

(e) the Supplier undergoes a change in control which, in the sole opinion of OFA, adversely affects the Supplier's ability to satisfy some or all of its obligations under the Agreement;

(f) the Supplier subcontracts for the provision of part or all of the Deliverables or assigns the Agreement without first obtaining the written approval of OFA; or

(g) the Supplier's acts or omissions constitute a substantial failure of performance;

and the above rights of termination are in addition to all other rights of termination available at law, or events of termination by operation of law.

9.02 **Dispute Resolution by Rectification Notice**
Subject to section 9.01, where the Supplier fails to comply with any of its obligations under the Agreement, OFA may issue a rectification notice to the Supplier setting out the manner and timeframe for rectification. Within seven (7) Business Days of receipt of that notice the Supplier shall either (a) comply with that rectification notice; or (b) provide a rectification plan satisfactory to OFA. If the Supplier fails to either comply with that rectification notice or provide a satisfactory rectification plan, OFA may immediately terminate the Agreement. Where the Supplier has been given a prior rectification notice, the same subsequent type of non-compliance by the Supplier shall allow OFA to immediately terminate the Agreement.

9.03 **Termination on Notice**
OFA reserves the right to terminate the Agreement, without cause, upon five (5) days written notice with or without cause.

9.04 **Termination for Non-Appropriation**
If this Agreement extends into a Fiscal Year subsequent to its execution, continuation of the Agreement is conditional upon an appropriation of moneys by the Legislature of Ontario (the "Legislature") sufficient to satisfy payments due under the Agreement. In the event that such moneys are not available as a result of: (i) non-appropriation by the Legislature for the Fiscal Year in which payment becomes due; and (ii) the payment being neither charged nor chargeable to an appropriation of the Legislature for a previous Fiscal Year, the OFA may terminate the Agreement upon giving notice to the Supplier and such termination shall be effective on the date of the beginning of the first Fiscal Year for which funds have not been appropriated.

9.05 **Supplier's Obligations on Termination**
The Supplier shall, in addition to its other obligations under the Agreement and at law:

(a) provide OFA with a report detailing (i) the current state of the provision of Deliverables by the Supplier at the date of termination; and (ii) any other information requested by OFA pertaining to the provision of the Deliverables and performance of the Agreement;

(b) execute such documentation as may be required by OFA to give effect to the termination of the Agreement;

(c) comply with any other instructions provided by OFA, including but not limited to instructions for facilitating the transfer of its obligations to another Person; and

(d) return or destroy Confidential Information under secure conditions, as requested by the OFA and provide a certificate of an officer of the Supplier confirming that all Confidential Information has been returned or destroyed, subject to the right to retain one copy as set out in Section 5.02.

9.06 **Supplier's Payment Upon Termination**
OFA shall only be responsible for the payment of the Deliverables provided under the Agreement up to and including the effective date of any termination. Termination shall not relieve the Supplier of its warranties and other responsibilities relating to the Deliverables performed or money paid. In addition to its other rights of hold back or set off, OFA may hold back payment or set off against any payments owed if the Supplier fails to comply with its obligations on termination.

9.07 **Termination in Addition to Other Rights**
The express rights of termination in the Agreement are in addition to and shall in no way limit any rights or remedies of OFA under the Agreement, at law or in equity

9.08 **Expiry of Agreement**
The Agreement shall expire at the end of the Term.

9.09 The provisions of this Article survive the termination or expiry of the Agreement.

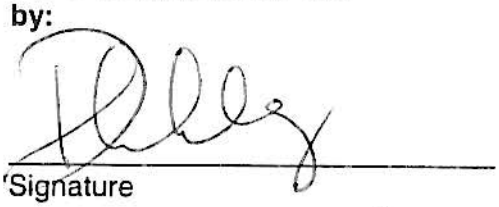
IN WITNESS WHEREOF the parties hereto have executed the Agreement effective as of the date first above written.

Ontario Financing Authority
by:

Signature

Name: Gadi Mayman
Title: Chief Executive Officer
Date of Signature: August 30, 2004

CIBC World Markets Inc.
by:



Signature

Name: Don Munkley
Title: Vice Chairman and Head of Power & Utility
Date of Signature: Aug. 30, 2004

I have authority to bind the Supplier.

From:	Sarah Harris
To:	Opal Kandelas
Cc:	Kelly Listoe
Subject:	FW: NDA Agreement
Date:	Monday, April 03, 2017 2:49:13 PM
Attachments:	GA NDA April 3.doc Sample Advisory Agreement.PDF

Hi Opal,

Kelly is looking into the first 3 bullet points as the relate to the NDA.

The attached advisory agreement seems to be overkill for the what I understand to be a very narrow scope of advice being given. It seems to me that as long as we state the type of advice being provided in the NDA, with *possibly* a conflict of interest rep in the NDA, I think that would cover what is needed.

Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 11:58 AM
To: Kelly Listoe ; Opal Kandelas ; Sarah Harris
Cc: Malle Hanslep (MOF)
Subject: NDA Agreement

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.

Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.

We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

[ONTARIO FINANCING AUTHORITY][NTD: WHO WILL BE THE CONTRACTING PARTY?]
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving an [**informal][NTD: Need to consider scope of retainer]** assessment/advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 Canadian and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]**by or on behalf of [**OFA]** [or Her Majesty in right of Ontario (the "Province")] for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of **[OFA]**, which consent may be withheld in [**OFA]'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

(a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the **[OFA]** are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by **[OFA]** to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of **[OFA]** and/or the Province [NTD: Could it also be information of OPG?] and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and **[OFA]** regarding the Project identified therein, and to provide advice and/or further information to **[OFA]** in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, , directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,, directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. The Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners, , directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

8. **Retention, Return or Destruction of Project Information**

[Suggest we do not include this unless requested to.]

Adviser/Dealer] shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.

9. **Breach**

[Adviser/Dealer] acknowledges that breach of any provision of this Agreement will result in immediate and irreparable harm to **[OFA] and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach **[OFA]** and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, , director or officer, shall be reported to **[OFA]** by **[Adviser/Dealer]**.

10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

11. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that **[OFA]** is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by **[OFA]** under this Agreement, **[Adviser/Dealer]** will cooperate with **[OFA]** in identifying records responsive to the request and responding to it in a timely manner.

12. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.
The obligations of **[Adviser/Dealer]** after the return to **[OFA]** of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify **[OFA]** of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

[Insert contact details]

(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

13. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

14. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

[ONTARIO FINANCING AUTHORITY]
by:

_____

Name: ●
Title: ●

[ADVISER/DEALER]
by:

_____

Name:
Title:
I have the authority to bind the company.

FINANCIAL ADVISORY SERVICES

AGREEMENT

THIS AGREEMENT ("the Agreement"), made in duplicate, for Financial Advisory Services is effective as of the **16th of August, 2004.**

BETWEEN:

Ontario Financing Authority

(referred to as "OFA")

AND:

CIBC World Markets Inc.

(referred to as the "Supplier")

In consideration of their respective agreements set out below, the parties covenant and agree as follows:

ARTICLE 1 – INTERPRETATION AND GENERAL PROVISIONS

1.01 **Defined Terms**

When used in the Agreement, the following words or expressions have the following meanings:

"Authority" means any government authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Agreement; and **"Authorities"** means all such authorities, agencies, bodies and departments;

"**Business Day**" means 8:00 a.m. to 5:00 p.m. any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year's Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day which the OFA has elected to be closed for business;

"Confidential Information" means all information of the Province (including the OFA and OEFC) and OPG that is of a confidential nature, including all confidential information in the custody or control of OFA, the Province and OPG, regardless of whether it is identified as confidential or not, and whether recorded or not, and however fixed, stored, expressed or embodied, which comes into the knowledge, possession or control of the Supplier in connection with the Agreement. For the purposes or greater certainty, Confidential Information shall:

(a) include: (i) all new information derived at any time from any such information whether created by OFA, the Province or OPG, the Supplier or any third-party; (ii) all information (including Personal Information) that OFA, the Province and OPG is obliged, or has the discretion, not to disclose under provincial or federal legislation; (iii) the fact that Confidential Information has been made available to the Supplier; (iv) the Deliverables;

(b) not include information that: (i) is or becomes generally available to the public without fault or breach on the part of the Supplier of any duty of confidentiality owed by the Supplier to OFA, the Province or OPG or to any third-party; (ii) the Supplier can demonstrate to have been rightfully obtained by the Supplier, without any obligation of confidence, from a third-party who had the right to transfer or disclose it to the Supplier free of any obligation of confidence; (iii) the Supplier can demonstrate to have been rightfully known to or in the possession of the Supplier at the time of disclosure, free of any obligation of confidence when disclosed; or (iv) is independently developed by the Supplier; but the exclusions in this subparagraph shall in no way limit the meaning of Personal Information or the obligations attaching thereto under the Agreement or at law;

"**Conflict of Interest**" includes, but is not limited to, any situation or circumstance where:

(a) in relation to the RFP process, the proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) having or having access to information in the preparation of its Proposal that is confidential to the OFA and not available to other proponents; (ii) communicating with any person with a view to influencing preferred treatment in the RFP process; or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the competitive RFP process and render that process non-competitive and unfair; or;

(b) in relation to the performance of its contractual obligations in this Agreement, the Supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

"Deliverables" means everything developed for or provided to the OFA in the course of performing under the Agreement or agreed to be provided to the OFA under the Agreement, by the Supplier or its partners, employees, volunteers, agents or subcontractors, as further defined, but not limited by Schedule 1, including but not limited to any goods or services or any and all Intellectual Property and any and all concepts, techniques, ideas, information, documentation and other materials, however recorded, developed or provided;

"Derivative Work" means a work based on the Supplier's Intellectual Property including, without limitation, an adaptation, modification, translation, expansion, condensation or transformation, that if prepared without authorization, would constitute copyright infringement or infringement of any other Intellectual Property right;

"FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended.

"Fiscal Year" means the period running from April 1 in one calendar year to, and including, March 31 in the next calendar year.

"Government" means the Government of Ontario;

"Indemnified Parties" means OFA, directors, appointees and employees of the OFA, and Her Majesty the Queen in right of Ontario, her Ministers, appointees and employees;

"Industry Standards" include, but are not limited to (a) the provision of any and all labour, supplies, equipment and other goods or services that are necessary and can reasonably be understood or inferred to be included within the scope of the Agreement or customarily furnished by Persons providing Deliverables of the type provided hereunder in similar situations in Ontario and; (b) adherence to commonly accepted norms of ethical business practices, which shall include the Supplier establishing, and ensuring adherence to, precautions to prevent its employees or agents from providing or offering gifts or hospitality of greater than nominal value to any person acting on behalf of or employed by OFA and the Province.

"Intellectual Property" means any intellectual, industrial or other proprietary right of any type in any form protected or protectable under the laws of Canada, any foreign country, or any political subdivision of any country, including, without limitation, any intellectual, industrial or proprietary rights protected or protectable by legislation, by common law or at equity;

"Newly Created Intellectual Property" means any Intellectual Property created by the Supplier in the course of performance of its obligations under the Agreement;

"OFA" means Ontario Financing Authority;

"OFA Address" means 1 Dundas Street West, Suite 1400, Toronto, Ontario, M7A 1Y7;

"OFA Representative" means Chief Executive Officer (CEO), OFA;

"OPG" means Ontario Power Generation Inc. and its subsidiaries;

"Person" if the context allows, includes any persons, firms, partnerships or corporations or any combination thereof;

"Personal Information" has the same definition as in subsection 2(1) of FIPPA, that is, recorded information about an identifiable individual or that may identify an individual and includes all such information obtained by the Supplier from the OFA or the Province or OPG or their respective agents or created by the Supplier pursuant to the Agreement;

"Proceeding" means any action, claim, demand, lawsuit, or other proceeding;

"Proposal" means all the documentation submitted by the Supplier in response to the Request for Proposal;

"Province" means Her Majesty the Queen in right of Ontario including any ministries and agencies of the Province including OEFC and OFA and "Provincial" has a corresponding meaning;

"Rates" means the applicable price, in Canadian funds, to be charged for the applicable Deliverables, as set out in Schedule 1, representing the full amount chargeable by the Supplier for the provision of the Deliverables, including but not limited to (a) all applicable duties and taxes, including Goods and Services Tax; (b) all labour and material costs; (c) all travel and carriage costs (d) all insurance costs; and (e) all other overhead including any fees or other charges required by law;

"Record", for the purposes of the Agreement, means any recorded information, including any Personal Information, in any form: (a) provided by OFA or the Province to the Supplier, or provided by the Supplier to OFA, for the purposes of the Agreement; or (b) created by the Supplier in the performance of the Agreement for delivery or presentation to the OFA or use by the OFA;

"Requirements of Law" mean all applicable requirements, laws, statutes, codes, acts, ordinances, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorisations, directions, and agreements with all Authorities that now or at any time hereafter may be applicable to either the Agreement or the Deliverables or any part of them;

"RFP" means the Request for Proposals dated **[*insert date*]** for **[*insert name of RFP*]**, reference number **[*insert reference number*]** issued by OFA for the Deliverables and any addenda to it;

"Supplier Address" and **"Supplier Representative,"** mean:

CIBC World Markets Inc.
161 Bay Street, 6th Floor
Toronto, ON M5J 2S8
Attention: Ron Munkley
Phone No: (416) 594 7863
Facsimile No. (416) 956 6334

"Supplier's Intellectual Property" means Intellectual Property owned by the Supplier prior to its performance under the Agreement or created by the Supplier during the Term of the Agreement independently of the performance of its obligations under the Agreement;

"Term" means the period of time from the effective date first above written to the satisfactory provision of all Deliverables unless this Agreement is terminated early in accordance with the provisions of this Agreement in which case the Term shall end on the expiry or termination date, as the case may be;

"Third-Party Intellectual Property" means any Intellectual Property owned by a party other than OFA or the Province or the Supplier.

1.02 **Entire Agreement**

The Agreement, including the Schedules, embodies the entire agreement between the parties with regard to the provision of Deliverables and supersedes any prior understanding or agreement, collateral, oral or otherwise, existing between the parties at the date of execution of the Agreement.

1.03 **Severability**
If any term or condition of the Agreement, or the application thereof to the parties or to any Persons or circumstances, is to any extent invalid or unenforceable, the remainder of the Agreement, and the application of such term or condition to the parties, Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

1.04 **Interpretive Value of Documents**
In the event of a conflict or inconsistency in any provisions in the Agreement, the main body of the Agreement shall govern over the Schedules to the Agreement.

1.05 **Interpretive Value of Headings**
The headings in the Agreement are for convenience of reference only and in no manner modify, interpret or construe the Agreement.

1.06 **Force Majeure**
Neither party shall be liable for damages caused by delay or failure to perform its obligations under the Agreement where such delay or failure is caused by an event beyond its reasonable control. The parties agree that an event shall not be considered beyond one's reasonable control if a reasonable business person applying due diligence in the same or similar circumstances under the same or similar obligations as those contained in the Agreement would have put in place contingency plans to either materially mitigate or negate the effects of such event. Without limiting the generality of the foregoing, the parties agree that force majeure events shall include natural disasters and acts of war, insurrection and terrorism but shall not include shortages or delays relating to supplies or services. If a party seeks to excuse itself from its obligations under this Agreement due to a force majeure event, that party shall immediately notify the other party of the delay or non-performance, the reason for such delay or non-performance and the anticipated period of delay or non-performance. If the anticipated or actual delay or non-performance exceeds fifteen (15) Business Days, the other party may immediately terminate the Agreement by giving notice of termination and such termination shall be in addition to the other rights and remedies of the terminating party under the Agreement, at law or in equity.

1.07 **Notices**
Notices shall be in writing and shall be delivered by postage-prepaid envelope, personal delivery or facsimile and shall be addressed to, respectively, the OFA Address to the attention of the OFA Representative and to the Supplier Address to the attention of the Supplier Representative. Notices shall be deemed to have been given (a) in the case of postage-prepaid envelope, five (5) Business Days after such notice is mailed; or (b) in the case of personal delivery or facsimile one (1) Business Day after such notice is received by the other party. In the event of a postal disruption, notices must be given by personal delivery or by facsimile. Unless the parties expressly agree in writing to additional methods of notice, notices may only be provided by the methods contemplated in this paragraph.

1.08 **Governing Law**
The Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.09 **Survival**
All warranties and representations about quality, skills, qualifications and experience, the intellectual property provisions, the confidentiality provisions, the indemnity provisions, document retention and audit provisions, termination provisions, and any clauses about remedies shall remain in force after the Term of the Agreement.

ARTICLE 2 – LEGAL RELATIONSHIP BETWEEN OFA, SUPPLIER AND THIRD-PARTIES

2.01 **Supplier's Power to Contract**
The Supplier represents and warrants that it has the full right and power to enter into the Agreement and there is no agreement with any other Person which would in any way interfere with the rights of OFA under this Agreement.

2.02 **Representatives May Bind the Parties**
The parties represent that their respective representatives have the authority to legally bind them to the extent permissible by the Requirements of Law.

2.03 **Responsibility of Supplier**

The Supplier agrees that it is liable for the acts and omissions of its directors, officers, employees, agents, partners, volunteers and subcontractors. This paragraph is in addition to any and all of the Supplier's liabilities under the Agreement and under the general application of law. The Supplier shall advise these individuals and entities of its obligations under the Agreement and, without limiting the generality of the foregoing, shall take appropriate action to ensure compliance with (a) the Agreement generally and (b) with the requirements of Article 5 (Confidentiality and FIPPA) of the Agreement. In addition to any other liabilities of the Supplier pursuant to the Agreement or otherwise at law or in equity, the Supplier shall be liable for all damages, costs, expenses, losses, claims or actions arising from any breach of the Agreement resulting from the actions of the above mentioned individuals and entities.

2.04 **No Subcontracting or Assignment**

The Supplier shall not subcontract or assign the whole or any part of the Agreement or any monies due under it without the prior written consent of OFA. Such consent shall be in the sole discretion of OFA and subject to the terms and conditions that may be imposed OFA. Without limiting the generality of the conditions which OFA may require prior to consenting to the Supplier's use of a subcontractor, every contract entered into by the Supplier with a subcontractor shall adopt all of the terms and conditions of this Agreement as far as applicable to those parts of the Deliverables provided by the subcontractor. Nothing contained in the Agreement shall create a contractual relationship between any subcontractor or its employees and OFA.

2.05 **Duty to Disclose Change of Control**

In the event that the Supplier undergoes a change in control the Supplier shall immediately disclose such change in control to OFA and shall comply with any terms and conditions subsequently prescribed by OFA resulting from the disclosure.

2.06 **Agreement Binding**

The Agreement shall enure to the benefit of and be binding upon the parties and their successors, executors, administrators and their permitted assigns.

ARTICLE 3 - PERFORMANCE BY SUPPLIER

3.01 **Commencement of Performance**

The Supplier shall commence performance upon receipt of instructions and advice from OFA.

3.02 **Performance Warranty**

The Supplier hereby represents and warrants that the Deliverables shall be provided fully and diligently in a professional and competent manner by persons qualified and skilled in their occupations and furthermore that all Deliverables will be provided in accordance with (a) the Agreement; (b) Industry Standards; and (c) Requirements of Law. If any of the Deliverables, in the opinion of OFA, are inadequately provided or require corrections, the Supplier shall forthwith make the necessary corrections at its own expense as specified by OFA in a rectification notice.

3.03 **Notification by Supplier to OFA**

During the Term, the Supplier shall notify OFA promptly of (a) any contradictions, discrepancies or errors found or noted in the Agreement; (b) supplementary details, instructions or directions that do not correspond with those contained in the Agreement; and (c) any omissions or other faults that become evident and should be corrected in order to provide the Deliverables in accordance with the Agreement and Requirements of Law.

3.04 **Condonation Not a Waiver**

Any failure by OFA to insist in one or more instances upon strict performance by the Supplier of any of the terms or conditions of the Agreement shall not be construed as a waiver by OFA of its right to require strict performance of any such terms or conditions, and the obligations of the Supplier with respect to such performance shall continue in full force and effect.

3.05 **Changes By Written Amendment Only**

Any changes to the Agreement shall be by written amendment executed by the parties. No changes shall be effective or shall be carried out in the absence of such an amendment.

3.06 **Supplier to Comply With Reasonable Change Requests**

OFA may, in writing, request changes to the Agreement, which may include altering, adding to, or deleting any of the Deliverables. The Supplier shall comply with all reasonable OFA change requests and the performance of such request shall be in accordance with the terms and conditions of the Agreement. If the Supplier is unable to comply with the change request, it shall promptly notify OFA and provide reasons for such non-compliance. In any event, any such change request shall not be effective until a written amendment reflecting the change has been executed by the parties.

3.07 **Pricing for Requested Changes**

Where an OFA change request includes an increase in the scope of the previously contemplated Deliverables, OFA shall set out, in its change request, the proposed prices for the contemplated changes. Where the Rates in effect at the time of the change request:

(i) includes pricing for the type of goods or services contemplated in the change request, the Supplier shall not unreasonably refuse to provide those goods or services at prices consistent with those Rates; or

(ii) are silent to the applicable price for the particular goods or services contemplated in the change request, the price shall be negotiated between the OFA and the Supplier within a reasonable period of time;

and in any event, such change request shall not become effective until a written amendment reflecting the change has been executed by the parties.

3.08 **Work Volumes**

The Supplier acknowledges that it is providing the Deliverables to OFA on a non-exclusive basis. OFA makes no representation regarding the volume of goods and services required under the Agreement. OFA reserves the right to contract with other parties for the same or similar goods and services as those provided by the Supplier and reserves the right to obtain the same or similar goods and services internally or to not acquire such services from the Supplier.

3.09 **Performance by Specified Individuals Only**

The Supplier agrees that to the extent that specific individuals are named in Schedule 1 (Proposal) as being responsible for the provision of the Deliverables, only those individuals shall provide the Deliverables under the Agreement. The Supplier shall not replace or substitute any of the individuals named in Schedule 1 (Proposal) without the prior written approval of OFA, which may not arbitrarily or unreasonably be withheld. Should the Supplier require the substitution or replacement of any of the individuals named in Schedule 1 (Proposal), it is understood and agreed that any proposed replacement must possess similar or greater qualifications than the individual named in Schedule 1 (Proposal). The Supplier shall not claim fees for any replacement individual greater than the Rates established under Schedule 1 (Proposal). The Supplier shall replace any of its personnel if they are unacceptable to OFA because of security risk, incompetence, conflict of interest, breach of confidentiality or improper conduct upon receiving written notice from OFA.

3.10 **Facility Rules**

Should the Supplier be required to attend on OFA or Provincial property, the Supplier shall obey all fire, safety and other applicable rules of the facility. All damage to an OFA or Provincial facility and/or equipment, or any mishaps or accidents involving OFA and/or Provincial personnel, facilities and/or equipment shall be reported immediately to the OFA Representative.

3.11 **OFA Rights and Remedies and Supplier Obligations Not Limited to Agreement**

The express rights and remedies of OFA and obligations of the Supplier set out in the Agreement are in addition to and shall not limit any other rights and remedies available to OFA or any other obligations of the Supplier at law or in equity.

ARTICLE 4 - PAYMENT FOR PERFORMANCE

4.01 **Payment of Rates Including Approved Disbursements and Expenses**

OFA shall, subject to the Supplier's compliance with the provisions of the Agreement, pay the Supplier for the Deliverables provided at the Rates established under the Agreement. All disbursements or expenses shall be reasonable and air travel and accommodation expenses be approved in advance by the OFA, acting reasonably.

4.02 **Default Billing and Payment Process**
Unless the parties expressly set out an alternative billing and payment process in Schedule 1, the following process shall govern:

(a) the Supplier shall provide the OFA with a monthly billing statement no later than ten (10) Business Days after the end of each month and that billing statement shall include (i) the reference number assigned to the Agreement by the OFA; (ii) a brief description of the Deliverables provided for the relevant month; and (iii) any disbursements, expenses or taxes, if payable by OFA, identified as separate items;

(b) the OFA shall approve or reject the billing statement within fifteen (15) Business Days and in the event that the OFA rejects the billing statement, it shall so advise the Supplier promptly in writing and the Supplier shall provide additional information as required by the OFA to substantiate the billing statement; and

(c) each billing statement must be approved by the OFA before any payment is released and payment shall be made within thirty (30) Business Days of such approval;

and any subparagraph set out above that is not expressly replaced in Schedule 1 with an alternative provision shall remain in full force and effect.

4.03 **Hold Back or Set Off**
OFA may hold back payment or set off against payment if, in the opinion of the OFA acting reasonably, the Supplier has failed to comply with any requirements of the Agreement.

4.04 **Additional Charges**
There shall be no other charges payable by OFA under the Agreement to the Supplier other than the Rates established under the Agreement.

4.05 **Payment of Taxes and Duties**
Unless otherwise stated, the Supplier shall pay all applicable taxes, including excise taxes incurred by or on the Supplier's behalf with respect to the Agreement.

4.06 **OFA GST Exempt**
The OFA hereby certifies that the Deliverables are required for the use of the Crown and are therefore not subject to the federal Goods and Services Tax.

4.07 **Document Retention and Audit**
For seven (7) years after the expiration of the Term the Supplier shall maintain all necessary records to substantiate (a) all charges and payments under the Agreement and (b) that the Deliverables were provided in accordance with the Agreement and with Requirements of Law. During the Term, and for seven (7) years after the end of the Term, the Supplier shall permit and assist OFA in conducting audits of the operations of the Supplier to verify (a) and (b) above. OFA shall provide the Supplier with at least ten (10) Business Days prior notice of its requirement for such audit.

The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 5 - CONFIDENTIALITY AND FIPPA

5.01 **Confidentiality and Promotion Restrictions**
Any publicity or publications related to the Agreement shall be at the sole discretion of the OFA. The OFA may, in its sole discretion, acknowledge the Deliverables provided by the Supplier in any such publicity or publication. The Supplier shall not make use of its association with the OFA without the prior written consent of the OFA. Without limiting the generality of this paragraph, the Supplier shall not, among other things, at any time directly or indirectly communicate with the media in relation to the Agreement unless it has first obtained the express written authorization to do so by the OFA.

5.02 **OFA, OPG, and the Government Confidential Information**

During and following the Term, the Supplier shall (a) keep all Confidential Information confidential and secure; (b) limit the disclosure of Confidential Information to only (i) those employees who have a need to know it and who have been specifically authorized to have such disclosure (ii) and to the other suppliers that have been retained subject to similar confidentiality obligations by OFA and identified by OFA to the Supplier for the sole purpose of providing to OFA or assisting the Supplier in providing to OFA the Deliverables pursuant to the Agreement and then only to the extent they need to know the Confidential Information for such purpose; (c) not directly or indirectly disclose, destroy, exploit or use any Confidential Information (except for the purpose of providing the Deliverables, or except if required by order of a court or tribunal), without first obtaining: (i) the written consent of OFA and (ii) in respect of any Confidential Information about any third-party, the written consent of such third-party; (d) provide Confidential Information to OFA on demand; and (e) deliver all Confidential Information to OFA before the termination or expiry of the Term, with no copy or portion kept by the Supplier, except that the Supplier may retain one copy for due diligence defence purposes, which copy shall be held securely and in accordance with the terms of this Agreement.

5.03 **Restrictions on Copying**

The Supplier shall not copy any Confidential Information, in whole or in part, unless copying is essential for the provision of the Deliverables. On each copy made by the Supplier, the Supplier must reproduce all notices which appear on the original.

5.04 **Injunctive and Other Relief**

The Supplier acknowledges that breach of any provisions of this Article may cause irreparable harm to OFA, the Province or to any third-party to whom OFA owes a duty of confidence, and that the injury to OFA, the Province or to any third-party may be difficult to calculate and inadequately compensable in damages. The Supplier agrees that each of OFA and the Province is entitled to obtain injunctive relief (without proving any damage sustained by it or by any third-party) or any other remedy against any actual or potential breach of the provisions of this Article.

5.05 **Notice and Protective Order**

If the Supplier or any of its directors, officers, employees, agents, representatives or advisors become legally compelled to disclose any Confidential Information, the Supplier will provide OFA with prompt notice to that effect in order to allow OFA or the Province, as the case may be, to seek one or more protective orders or other appropriate remedies to prevent or limit such disclosure, and it shall co-operate with OFA and the Province and their respective legal counsel to the fullest extent. If such protective orders or other remedies are not obtained, the Supplier will disclose only that portion of Confidential Information which the Supplier is legally compelled to disclose, only to such person or persons to which the Supplier is legally compelled to disclose, and the Supplier shall provide notice to each such recipient (in co-operation with legal counsel for OFA or the Province, as the case may be) that such Confidential Information is confidential and subject to non-disclosure on terms and conditions equal to those contained in the Agreement and, if possible, shall obtain each recipient's written agreement to receive and use such Confidential Information subject to those terms and conditions.

5.06 **Notification of Confidentiality Provisions**

The Supplier shall notify each of its partners, employees, directors, and officers and subcontractors who have access to any of the Confidential Information ("the Notified Parties") of the obligations contained in the Agreement with respect to the confidentiality of the Confidential Information and the restrictions on disclosure and use of the Confidential Information. The Supplier has advised or will advise, as the case may be, the Notified Parties of their obligations concerning the confidentiality of the Confidential Information and shall obtain the agreement of each of the Notified Parties to abide by the terms and conditions of the Agreement. The Supplier agrees to enforce such obligations to the extent required to prevent unauthorised disclosure of Confidential Information and to prevent any partner, employee, director, or officer (the "Representatives") from making unauthorised use of Confidential Information. The Supplier agrees to be responsible for any breach of confidentiality by any of the Representatives and agrees to indemnify OFA and the Province and OPG for all damages, costs, expenses, losses, claims or actions arising from any failure by the Supplier or any of the Representatives to comply with the confidentiality obligations in the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

5.07 **FIPPA Records and Compliance**
The Supplier and OFA acknowledge and agree that FIPPA applies to and governs all Records and may require the disclosure of such Records to third parties. Furthermore, the Supplier agrees:

(a) to keep Records secure;

(b) to provide Records to OFA within five (5) Business Days of being directed to do so by OFA for any reason including an access request or privacy issue;

(c) not to access any Personal Information unless OFA determines, in its sole discretion, that access is permitted under FIPPA and is necessary in order to provide the Deliverables;

(d) not to directly or indirectly use, collect, disclose or destroy any Personal Information for any purposes that are not authorized by OFA;

(e) to ensure the security and integrity of Personal Information and keep it in a physically secure and separate location safe from loss, alteration, destruction or intermingling with other records and databases and to implement, use and maintain the most appropriate products, tools, measures and procedures to do so;

(f) to restrict access to Personal Information to those of its employees who have a need to know it and who have been specifically authorized to have such access for the purpose of providing the Deliverables;

(g) to implement other specific security measures that in the reasonable opinion of OFA would improve the adequacy and effectiveness of the Supplier's measures to ensure the security and integrity of Personal Information and Records generally; and

(h) that any confidential information supplied to OFA or the Province may be disclosed by OFA or the Province where it is obligated to do so under FIPPA, by an order of a court or tribunal or pursuant to a legal proceeding.

5.08 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 6 – INTELLECTUAL PROPERTY

6.01 **OFA Intellectual Property**
The Supplier agrees that all Intellectual Property and every other right, title and interest in and to all concepts, techniques, ideas, information and materials, however recorded, (including images and data) provided by OFA or the Province to the Supplier shall remain the sole property of OFA or the Province, as the case may be, at all times.

6.02 **No Use of Insignia**
The Supplier shall not use any insignia or logo of OFA or the Province.

6.03 **Ownership of Intellectual Property**
OFA on behalf of the Province shall be the sole owner of any Newly Created Intellectual Property. The Supplier irrevocably assigns to and in favour of OFA and OFA accepts every right, title and interest in and to all Newly Created Intellectual Property in the Deliverables, immediately following the creation thereof, for all time. OFA grants to the Province a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, the Newly Created Intellectual Property in the Deliverables (b) to use, execute, make, have made, have used, display, distribute perform, reproduce and prepare, in any form, Derivative Work based on the Newly Created Intellectual Property in the Deliverables and (c) to practise and have practised any process or method (or both) associated with such Derivative Work;

To the extent that any of the Deliverables include, in whole or in part, the Supplier's Intellectual Property, the Supplier grants to OFA and the Province a licence to use that Supplier Intellectual

Property in the manner contemplated in this Article, the total consideration for which shall be payment of the Rates on the terms and to the Supplier by OFA.

6.04 **Presumption Governing Ownership**

The presumption governing the Agreement shall be that OFA on behalf of the Province shall be the sole owner of any Intellectual Property in any form contained in any of the Deliverables. If the Supplier's Intellectual Property forms any part of the Deliverables, the Supplier shall notify OFA of such prior to the delivery of the particular Deliverable containing any such Supplier Intellectual Property. In the absence of any such notice the presumption shall remain that OFA is the sole owner of any Intellectual Property contained in the Deliverables.

6.05 **Supplier's Grant of Licence**

For those parts of the Deliverables that are Supplier Intellectual Property, the Supplier grants to OFA and the Province, a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, copies of those Deliverables and to practice and have practised any process or method (or both) associated with such Deliverables; and (b) to use, execute, make, have made, have used, display, distribute, perform, reproduce and prepare, in any form, Derivative Work based on those Deliverables and to practise and have practised any process or method (or both) associated with such Derivative Work; and (c) authorize other Persons including agents, contractors or sub-contractors to do any of the former on behalf of OFA or the Province, provided that the OFA and the Province shall be entitled to use and authorize other Persons to use the Supplier Intellectual Property for the purposes of the Province only and not for resale or other commercial exploitation thereof.

6.06 **No Restrictive Material in Deliverables**

The Supplier waives, and shall not incorporate into any Deliverables anything that would restrict the right of OFA or the Province to modify, further develop or otherwise use the Deliverables in any way that OFA or the Province deems necessary, or that would prevent OFA or the Province from entering into any contract with any contractor other than the Supplier for the modification, further development of or other use of the Deliverables. However, to the extent that any of the Deliverables constitutes any professional opinion, judgement or financial advice of the Supplier, the preceding sentence will not restrict or prevent the Supplier from addressing such opinions, judgements and financial advice solely to the OFA and the Province or from including customary assumptions, qualifications and limitations respecting reliance by parties other than the Indemnified Parties in such Deliverables.

6.07 **Supplier Representation and Warranty Regarding Third-Party Intellectual Property**

The Supplier represents and warrants that the provision of the Deliverables shall not infringe or induce the infringement of any Third-Party Intellectual Property rights. The Supplier further represents and warrants that it has obtained assurances with respect to any Third-Party Intellectual Property that any rights of integrity or any other moral rights associated therewith have been waived.

6.08 **Moral Rights**

The Supplier shall obtain waivers of all rights of integrity and any other moral rights in relation to the Deliverables from its employees, volunteers, agents and subcontractors and from any other party in the position to assert such rights in relation to any of the Deliverables, which waivers may be invoked without restriction by any person authorized by OFA or the Province to use the Deliverables.

6.09 **Copyright Notice**

The Supplier shall place a copyright notice in the following form on all recorded Deliverables it provides to OFA:

"© Queen's Printer for Ontario, 2004"

6.10 **Further Assurances Regarding Copyright**

At the request of OFA, at any time or from time to time, the Supplier shall execute and agrees to cause anyone in the position to assert rights of integrity or any other moral right (including its employees, volunteers, agents and subcontractors) to execute a written assignment of copyright and waiver of moral rights in the applicable Deliverable to the OFA in the forms set out in Schedule 2. The Supplier shall assist OFA in preparing any Canadian copyright registration that OFA considers appropriate. The Supplier will obtain or execute any other document reasonably required by OFA to protect the Intellectual Property of OFA.

6.11 **OFA May Prescribe Further Compliance**
OFA reserves the right to prescribe the specific manner in which the Supplier shall perform its obligations relating to this Article.

6.12 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 7 – CONFLICT OF INTEREST

7.01 The Supplier acknowledges it owes the OFA and the Province of Ontario a duty to promote the interests of OFA and the Province of Ontario in carrying out the Services. The overriding obligation the Supplier is to avoid actual or perceived conflicts between its private interests and those of OFA and the Province (including OFA and OEFC).

7.02 The Supplier shall not, in its provision of the Deliverables, engage in any activity, business or undertaking, whether as Supplier or otherwise, that could create a conflict of interest or potential conflict of interest. Included in the prohibitions on the Supplier are the following:

(a) engaging in any activity, business or undertaking that may conflict or be perceived as conflicting with the performance by the Supplier of the duties and obligations under this Agreement;

(b) directly or indirectly benefiting from any activity related to this Agreement otherwise than as specifically contemplated by this Agreement;

(c) circumstances where the supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

7.03 If required by the OFA for the purpose of complying with section 7.02 , the Supplier agrees to:

(a) file with the OFA a Plan to Prevent Conflict of Interest in respect of any particular actual or potential conflict of interest;

(b) file and cause its partners, directors, officers or employees who are providing the Services under this Agreement to file with the OFA declarations disclosing their interests in a manner equivalent to that set out in Section 13 of O.Reg 435/97 and their personal relationships (if any) with the firms and named individuals employed by or affiliated with OPG or any OEB licensed wholesale or retail electricity market participant in Ontario; and

(c) cause its partners, directors, officers or employees who are providing the Deliverables under this Agreement to execute confidentiality undertakings and provide copies to the OFA.

Upon the occurrence of any change in circumstance that renders any certificate or information filed or provided by the Supplier either incorrect or incomplete, the Supplier shall forthwith notify the OFA as set out in this Article of the change in circumstance in detail.

7.04 If any activities or prior activities of the Supplier could constitute an actual or potential conflict of interest in respect of this Agreement, the Supplier shall without delay make full, true and plain disclosure to the OFA of all relevant information about the particular activity, business or undertaking in question to the satisfaction of the OFA or its agent and abide by the decision of the OFA.

7.05 Upon any disclosure made by a Supplier or any other person in relation to the activities of the Supplier, of any activity, business or undertaking that could create a conflict of interest in respect of this Agreement, the OFA may, in its sole discretion:

(a) require that the Supplier:
  (i) deliver further and detailed particulars of the activity, business or undertaking;
  (ii) elect between the continuation of the Agreement and the continuation of the activity, business or undertaking concerned; and/or

(iii) institute measures which in the opinion of the OFA eliminate, resolve, isolate, diminish or nullify any perceived conflict of interest;

(b) terminate the Agreement effective upon written notice to such effect, and/or

(c) take such other steps as may be necessary to address the conflict including the institution of proceedings.

Where the OFA recommends that the Supplier take certain action, or refrain from taking certain action, the Supplier shall abide by the recommendation. The Supplier's failure to do so may result in the termination of the Supplier's Agreement in the sole discretion of the OFA.

7.06 Information disclosed by the Supplier to the OFA as contemplated under section 7.05 is confidential and shall not be disclosed to any person, except:

(a) on the consent of all parties;
(b) as required by law or by the order of a tribunal or court;
(c) such persons, if any, as the Supplier or the OFA may consult in respect of the conflict of interest; or
(d) in any proceedings between the OFA and the Supplier for breach of obligations under Article 7.

ARTICLE 8 – INDEMNITY AND INSURANCE

8.01 **Supplier Indemnity**
The Supplier hereby agrees to indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings, (collectively, "Claims"), by whomever made, sustained, brought or prosecuted, including for third party bodily injury (including death), personal injury and property damage arising from the negligence, errors, omissions or wilful misconduct of the Supplier, its subcontractors or their respective directors, partners, officers, agents, employees or independent contractors in the course of performance of the Supplier's obligations under, or otherwise in connection with, the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

8.02 **Supplier's Insurance**
The Supplier shall maintain errors & omissions liability insurance (external coverage and/or self-insured coverage), insuring liability for errors and omissions in the performance or failure to perform the services contemplated in this agreement, in the amount not less than $5,000,000 per claim and in the annual aggregate.

8.03 **Supplier Participation in Proceedings**
The Supplier shall, at its expense, to the extent requested by OFA or the Province participate in or conduct the defence of any Claim against any Indemnified Parties referred to in this Article and any negotiations for their settlement. OFA or the Province may elect to participate in or conduct the defence of any such Claim by notifying the Supplier in writing of such election without prejudice to any other rights or remedies of OFA or the Province under the Agreement, at law or in equity. Each party participating in the defence shall do so by actively participating with the other's counsel. No settlement shall be entered into by the Supplier unless it has obtained the prior written approval of OFA or the Province, as the case may be. If the Supplier is requested by OFA or the Province to participate in or conduct the defence of any such Claim, OFA or the Province agrees to co-operate with and assist the Supplier to the fullest extent possible in the Claim and any related settlement negotiations. If OFA or the Province conducts the defence of any such Claim, the Supplier agrees to co-operate with and assist OFA or the Province to the fullest extent possible in the Claim and any related settlement negotiations; provided that no settlement of such Claim shall be entered into by any Indemnified Party unless it has obtained the prior written consent of the Supplier, such consent not to be unreasonably withheld.

8.04 The provisions of this Article survive the termination or expiry of the Agreement.

ARTICLE 9 – TERMINATION, EXPIRY AND EXTENSION

9.01 **Immediate Termination of Agreement**
OFA may immediately terminate the Agreement upon giving notice to the Supplier where:

(a) the Supplier is adjudged bankrupt, is insolvent, makes a general assignment for the benefit of its creditors or a receiver, liquidator or similar official is appointed on account of the Supplier's insolvency;

(b) the Supplier breaches any provision in Article 5 (Confidentiality and FIPPA) of the Agreement;

(c) the Supplier breaches any provision in Article 7 (Conflict of Interest) of the Agreement;

(d) the Supplier, prior to or after executing the Agreement, makes a material misrepresentation or omission or provides materially inaccurate information to OFA;

(e) the Supplier undergoes a change in control which, in the sole opinion of OFA, adversely affects the Supplier's ability to satisfy some or all of its obligations under the Agreement;

(f) the Supplier subcontracts for the provision of part or all of the Deliverables or assigns the Agreement without first obtaining the written approval of OFA; or

(g) the Supplier's acts or omissions constitute a substantial failure of performance;

and the above rights of termination are in addition to all other rights of termination available at law, or events of termination by operation of law.

9.02 **Dispute Resolution by Rectification Notice**
Subject to section 9.01, where the Supplier fails to comply with any of its obligations under the Agreement, OFA may issue a rectification notice to the Supplier setting out the manner and timeframe for rectification. Within seven (7) Business Days of receipt of that notice the Supplier shall either (a) comply with that rectification notice; or (b) provide a rectification plan satisfactory to OFA. If the Supplier fails to either comply with that rectification notice or provide a satisfactory rectification plan, OFA may immediately terminate the Agreement. Where the Supplier has been given a prior rectification notice, the same subsequent type of non-compliance by the Supplier shall allow OFA to immediately terminate the Agreement.

9.03 **Termination on Notice**
OFA reserves the right to terminate the Agreement, without cause, upon five (5) days written notice with or without cause.

9.04 **Termination for Non-Appropriation**
If this Agreement extends into a Fiscal Year subsequent to its execution, continuation of the Agreement is conditional upon an appropriation of moneys by the Legislature of Ontario (the "Legislature") sufficient to satisfy payments due under the Agreement. In the event that such moneys are not available as a result of: (i) non-appropriation by the Legislature for the Fiscal Year in which payment becomes due; and (ii) the payment being neither charged nor chargeable to an appropriation of the Legislature for a previous Fiscal Year, the OFA may terminate the Agreement upon giving notice to the Supplier and such termination shall be effective on the date of the beginning of the first Fiscal Year for which funds have not been appropriated.

9.05 **Supplier's Obligations on Termination**
The Supplier shall, in addition to its other obligations under the Agreement and at law:

(a) provide OFA with a report detailing (i) the current state of the provision of Deliverables by the Supplier at the date of termination; and (ii) any other information requested by OFA pertaining to the provision of the Deliverables and performance of the Agreement;

(b) execute such documentation as may be required by OFA to give effect to the termination of the Agreement;

(c) comply with any other instructions provided by OFA, including but not limited to instructions for facilitating the transfer of its obligations to another Person; and

(d) return or destroy Confidential Information under secure conditions, as requested by the OFA and provide a certificate of an officer of the Supplier confirming that all Confidential Information has been returned or destroyed, subject to the right to retain one copy as set out in Section 5.02.

9.06 **Supplier's Payment Upon Termination**
OFA shall only be responsible for the payment of the Deliverables provided under the Agreement up to and including the effective date of any termination. Termination shall not relieve the Supplier of its warranties and other responsibilities relating to the Deliverables performed or money paid. In addition to its other rights of hold back or set off, OFA may hold back payment or set off against any payments owed if the Supplier fails to comply with its obligations on termination.

9.07 **Termination in Addition to Other Rights**
The express rights of termination in the Agreement are in addition to and shall in no way limit any rights or remedies of OFA under the Agreement, at law or in equity

9.08 **Expiry of Agreement**
The Agreement shall expire at the end of the Term.

9.09 The provisions of this Article survive the termination or expiry of the Agreement.

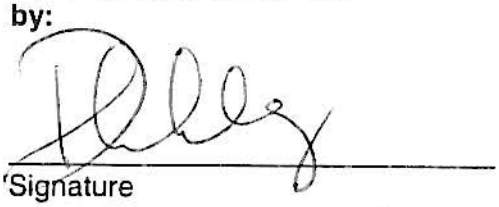
IN WITNESS WHEREOF the parties hereto have executed the Agreement effective as of the date first above written.

Ontario Financing Authority
by:

Signature

Name: Gadi Mayman
Title: Chief Executive Officer
Date of Signature: August 30, 2004

CIBC World Markets Inc.
by:



Signature

Name: Don Munkley
Title: Vice Chairman and Head of Power & Utility
Date of Signature: Aug. 30, 2004

I have authority to bind the Supplier.

From:	Kelly Listoe
To:	Sarah Harris
Subject:	FW: NDA Agreement
Date:	Monday, April 03, 2017 1:17:38 PM
Attachments:	GA NDA April 3.doc Sample Advisory Agreement.PDF GA NDA April 3(1).doc

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I should add – if you look at the white paper that was prepared by OPG, on page 2 there is the proposed structure of the "deal" with the spv included. It is noted that the percentages and types of debt/ equity are subject to change depending on the eventual legislation enacted. It seems to me that this is largely what the Province (OFA/ Energy) need the advisor for – advise on this structure based on what the legislation ends up looking like – simple as that.
Kelly

From: Kelly Listoe
Sent: Monday, April 03, 2017 1:12 PM
To: Sarah Harris
Subject: FW: NDA Agreement

Hi Sarah
I have edited Toby's draft and attached it. I think Carlos' previous answers shed light on some of the items raised. It looks to me to be a bit more straightforward than the situation with OPG and CIBC, etc giving rise to the FAS agreement, so not sure that is needed after all.
Bullet 1 seems to be answered by "**to provide advice on the structure of financing alternatives for the special purpose vehicle"**
We could confirm again with Carlos/ Mike who is receuiving the advice. I left it as the OFA based on his previous response.
For potential conflicts within the advisor, I know they all have their own Chinese Walls in place.
Kelly

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 11:58 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: NDA Agreement

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.
Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.
We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.
Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

[ONTARIO FINANCING AUTHORITY][NTD: WHO WILL BE THE CONTRACTING PARTY?]
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving an [**informal][NTD: Need to consider scope of retainer]** assessment/advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 Canadian and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]**by or on behalf of [**OFA]** [or Her Majesty in right of Ontario (the "Province")] for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of **[OFA]**, which consent may be withheld in [**OFA]'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

(a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the **[OFA]** are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by **[OFA]** to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of **[OFA]** and/or the Province [NTD: Could it also be information of OPG?] and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and **[OFA]** regarding the Project identified therein, and to provide advice and/or further information to **[OFA]** in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, , directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,, directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. The Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners, , directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

8. **Retention, Return or Destruction of Project Information**

[Suggest we do not include this unless requested to.]

Adviser/Dealer] shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.

9. **Breach**

[Adviser/Dealer] acknowledges that breach of any provision of this Agreement will result in immediate and irreparable harm to **[OFA] and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach **[OFA]** and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, , director or officer, shall be reported to **[OFA]** by **[Adviser/Dealer]**.

10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

11. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that **[OFA]** is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by **[OFA]** under this Agreement, **[Adviser/Dealer]** will cooperate with **[OFA]** in identifying records responsive to the request and responding to it in a timely manner.

12. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.
The obligations of **[Adviser/Dealer]** after the return to **[OFA]** of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify **[OFA]** of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

[Insert contact details]

(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

13. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

14. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

[ONTARIO FINANCING AUTHORITY]
by:

_____

Name: ●
Title: ●

[ADVISER/DEALER]
by:

_____

Name:
Title:
I have the authority to bind the company.

FINANCIAL ADVISORY SERVICES

AGREEMENT

THIS AGREEMENT ("the Agreement"), made in duplicate, for Financial Advisory Services is effective as of the **16th of August, 2004.**

BETWEEN:

Ontario Financing Authority

(referred to as "OFA")

AND:

CIBC World Markets Inc.

(referred to as the "Supplier")

In consideration of their respective agreements set out below, the parties covenant and agree as follows:

ARTICLE 1 – INTERPRETATION AND GENERAL PROVISIONS

1.01 **Defined Terms**

When used in the Agreement, the following words or expressions have the following meanings:

"Authority" means any government authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Agreement; and **"Authorities"** means all such authorities, agencies, bodies and departments;

"**Business Day**" means 8:00 a.m. to 5:00 p.m. any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year's Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day which the OFA has elected to be closed for business;

"Confidential Information" means all information of the Province (including the OFA and OEFC) and OPG that is of a confidential nature, including all confidential information in the custody or control of OFA, the Province and OPG, regardless of whether it is identified as confidential or not, and whether recorded or not, and however fixed, stored, expressed or embodied, which comes into the knowledge, possession or control of the Supplier in connection with the Agreement. For the purposes or greater certainty, Confidential Information shall:

(a) include: (i) all new information derived at any time from any such information whether created by OFA, the Province or OPG, the Supplier or any third-party; (ii) all information (including Personal Information) that OFA, the Province and OPG is obliged, or has the discretion, not to disclose under provincial or federal legislation; (iii) the fact that Confidential Information has been made available to the Supplier; (iv) the Deliverables;

(b) not include information that: (i) is or becomes generally available to the public without fault or breach on the part of the Supplier of any duty of confidentiality owed by the Supplier to OFA, the Province or OPG or to any third-party; (ii) the Supplier can demonstrate to have been rightfully obtained by the Supplier, without any obligation of confidence, from a third-party who had the right to transfer or disclose it to the Supplier free of any obligation of confidence; (iii) the Supplier can demonstrate to have been rightfully known to or in the possession of the Supplier at the time of disclosure, free of any obligation of confidence when disclosed; or (iv) is independently developed by the Supplier; but the exclusions in this subparagraph shall in no way limit the meaning of Personal Information or the obligations attaching thereto under the Agreement or at law;

"**Conflict of Interest**" includes, but is not limited to, any situation or circumstance where:

(a) in relation to the RFP process, the proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) having or having access to information in the preparation of its Proposal that is confidential to the OFA and not available to other proponents; (ii) communicating with any person with a view to influencing preferred treatment in the RFP process; or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the competitive RFP process and render that process non-competitive and unfair; or;

(b) in relation to the performance of its contractual obligations in this Agreement, the Supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

"Deliverables" means everything developed for or provided to the OFA in the course of performing under the Agreement or agreed to be provided to the OFA under the Agreement, by the Supplier or its partners, employees, volunteers, agents or subcontractors, as further defined, but not limited by Schedule 1, including but not limited to any goods or services or any and all Intellectual Property and any and all concepts, techniques, ideas, information, documentation and other materials, however recorded, developed or provided;

"Derivative Work" means a work based on the Supplier's Intellectual Property including, without limitation, an adaptation, modification, translation, expansion, condensation or transformation, that if prepared without authorization, would constitute copyright infringement or infringement of any other Intellectual Property right;

"FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended.

"Fiscal Year" means the period running from April 1 in one calendar year to, and including, March 31 in the next calendar year.

"Government" means the Government of Ontario;

"Indemnified Parties" means OFA, directors, appointees and employees of the OFA, and Her Majesty the Queen in right of Ontario, her Ministers, appointees and employees;

"Industry Standards" include, but are not limited to (a) the provision of any and all labour, supplies, equipment and other goods or services that are necessary and can reasonably be understood or inferred to be included within the scope of the Agreement or customarily furnished by Persons providing Deliverables of the type provided hereunder in similar situations in Ontario and; (b) adherence to commonly accepted norms of ethical business practices, which shall include the Supplier establishing, and ensuring adherence to, precautions to prevent its employees or agents from providing or offering gifts or hospitality of greater than nominal value to any person acting on behalf of or employed by OFA and the Province.

"Intellectual Property" means any intellectual, industrial or other proprietary right of any type in any form protected or protectable under the laws of Canada, any foreign country, or any political subdivision of any country, including, without limitation, any intellectual, industrial or proprietary rights protected or protectable by legislation, by common law or at equity;

"Newly Created Intellectual Property" means any Intellectual Property created by the Supplier in the course of performance of its obligations under the Agreement;

"OFA" means Ontario Financing Authority;

"OFA Address" means 1 Dundas Street West, Suite 1400, Toronto, Ontario, M7A 1Y7;

"OFA Representative" means Chief Executive Officer (CEO), OFA;

"OPG" means Ontario Power Generation Inc. and its subsidiaries;

"Person" if the context allows, includes any persons, firms, partnerships or corporations or any combination thereof;

"Personal Information" has the same definition as in subsection 2(1) of FIPPA, that is, recorded information about an identifiable individual or that may identify an individual and includes all such information obtained by the Supplier from the OFA or the Province or OPG or their respective agents or created by the Supplier pursuant to the Agreement;

"Proceeding" means any action, claim, demand, lawsuit, or other proceeding;

"Proposal" means all the documentation submitted by the Supplier in response to the Request for Proposal;

"Province" means Her Majesty the Queen in right of Ontario including any ministries and agencies of the Province including OEFC and OFA and "Provincial" has a corresponding meaning;

"Rates" means the applicable price, in Canadian funds, to be charged for the applicable Deliverables, as set out in Schedule 1, representing the full amount chargeable by the Supplier for the provision of the Deliverables, including but not limited to (a) all applicable duties and taxes, including Goods and Services Tax; (b) all labour and material costs; (c) all travel and carriage costs (d) all insurance costs; and (e) all other overhead including any fees or other charges required by law;

"Record", for the purposes of the Agreement, means any recorded information, including any Personal Information, in any form: (a) provided by OFA or the Province to the Supplier, or provided by the Supplier to OFA, for the purposes of the Agreement; or (b) created by the Supplier in the performance of the Agreement for delivery or presentation to the OFA or use by the OFA;

"Requirements of Law" mean all applicable requirements, laws, statutes, codes, acts, ordinances, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorisations, directions, and agreements with all Authorities that now or at any time hereafter may be applicable to either the Agreement or the Deliverables or any part of them;

"RFP" means the Request for Proposals dated **[*insert date*]** for **[*insert name of RFP*]**, reference number **[*insert reference number*]** issued by OFA for the Deliverables and any addenda to it;

"Supplier Address" and **"Supplier Representative,"** mean:

CIBC World Markets Inc.
161 Bay Street, 6th Floor
Toronto, ON M5J 2S8
Attention: Ron Munkley
Phone No: (416) 594 7863
Facsimile No. (416) 956 6334

"Supplier's Intellectual Property" means Intellectual Property owned by the Supplier prior to its performance under the Agreement or created by the Supplier during the Term of the Agreement independently of the performance of its obligations under the Agreement;

"Term" means the period of time from the effective date first above written to the satisfactory provision of all Deliverables unless this Agreement is terminated early in accordance with the provisions of this Agreement in which case the Term shall end on the expiry or termination date, as the case may be;

"Third-Party Intellectual Property" means any Intellectual Property owned by a party other than OFA or the Province or the Supplier.

1.02 **Entire Agreement**

The Agreement, including the Schedules, embodies the entire agreement between the parties with regard to the provision of Deliverables and supersedes any prior understanding or agreement, collateral, oral or otherwise, existing between the parties at the date of execution of the Agreement.

1.03 **Severability**
If any term or condition of the Agreement, or the application thereof to the parties or to any Persons or circumstances, is to any extent invalid or unenforceable, the remainder of the Agreement, and the application of such term or condition to the parties, Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

1.04 **Interpretive Value of Documents**
In the event of a conflict or inconsistency in any provisions in the Agreement, the main body of the Agreement shall govern over the Schedules to the Agreement.

1.05 **Interpretive Value of Headings**
The headings in the Agreement are for convenience of reference only and in no manner modify, interpret or construe the Agreement.

1.06 **Force Majeure**
Neither party shall be liable for damages caused by delay or failure to perform its obligations under the Agreement where such delay or failure is caused by an event beyond its reasonable control. The parties agree that an event shall not be considered beyond one's reasonable control if a reasonable business person applying due diligence in the same or similar circumstances under the same or similar obligations as those contained in the Agreement would have put in place contingency plans to either materially mitigate or negate the effects of such event. Without limiting the generality of the foregoing, the parties agree that force majeure events shall include natural disasters and acts of war, insurrection and terrorism but shall not include shortages or delays relating to supplies or services. If a party seeks to excuse itself from its obligations under this Agreement due to a force majeure event, that party shall immediately notify the other party of the delay or non-performance, the reason for such delay or non-performance and the anticipated period of delay or non-performance. If the anticipated or actual delay or non-performance exceeds fifteen (15) Business Days, the other party may immediately terminate the Agreement by giving notice of termination and such termination shall be in addition to the other rights and remedies of the terminating party under the Agreement, at law or in equity.

1.07 **Notices**
Notices shall be in writing and shall be delivered by postage-prepaid envelope, personal delivery or facsimile and shall be addressed to, respectively, the OFA Address to the attention of the OFA Representative and to the Supplier Address to the attention of the Supplier Representative. Notices shall be deemed to have been given (a) in the case of postage-prepaid envelope, five (5) Business Days after such notice is mailed; or (b) in the case of personal delivery or facsimile one (1) Business Day after such notice is received by the other party. In the event of a postal disruption, notices must be given by personal delivery or by facsimile. Unless the parties expressly agree in writing to additional methods of notice, notices may only be provided by the methods contemplated in this paragraph.

1.08 **Governing Law**
The Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.09 **Survival**
All warranties and representations about quality, skills, qualifications and experience, the intellectual property provisions, the confidentiality provisions, the indemnity provisions, document retention and audit provisions, termination provisions, and any clauses about remedies shall remain in force after the Term of the Agreement.

ARTICLE 2 – LEGAL RELATIONSHIP BETWEEN OFA, SUPPLIER AND THIRD-PARTIES

2.01 **Supplier's Power to Contract**
The Supplier represents and warrants that it has the full right and power to enter into the Agreement and there is no agreement with any other Person which would in any way interfere with the rights of OFA under this Agreement.

2.02 **Representatives May Bind the Parties**
The parties represent that their respective representatives have the authority to legally bind them to the extent permissible by the Requirements of Law.

2.03 **Responsibility of Supplier**

The Supplier agrees that it is liable for the acts and omissions of its directors, officers, employees, agents, partners, volunteers and subcontractors. This paragraph is in addition to any and all of the Supplier's liabilities under the Agreement and under the general application of law. The Supplier shall advise these individuals and entities of its obligations under the Agreement and, without limiting the generality of the foregoing, shall take appropriate action to ensure compliance with (a) the Agreement generally and (b) with the requirements of Article 5 (Confidentiality and FIPPA) of the Agreement. In addition to any other liabilities of the Supplier pursuant to the Agreement or otherwise at law or in equity, the Supplier shall be liable for all damages, costs, expenses, losses, claims or actions arising from any breach of the Agreement resulting from the actions of the above mentioned individuals and entities.

2.04 **No Subcontracting or Assignment**

The Supplier shall not subcontract or assign the whole or any part of the Agreement or any monies due under it without the prior written consent of OFA. Such consent shall be in the sole discretion of OFA and subject to the terms and conditions that may be imposed OFA. Without limiting the generality of the conditions which OFA may require prior to consenting to the Supplier's use of a subcontractor, every contract entered into by the Supplier with a subcontractor shall adopt all of the terms and conditions of this Agreement as far as applicable to those parts of the Deliverables provided by the subcontractor. Nothing contained in the Agreement shall create a contractual relationship between any subcontractor or its employees and OFA.

2.05 **Duty to Disclose Change of Control**

In the event that the Supplier undergoes a change in control the Supplier shall immediately disclose such change in control to OFA and shall comply with any terms and conditions subsequently prescribed by OFA resulting from the disclosure.

2.06 **Agreement Binding**

The Agreement shall enure to the benefit of and be binding upon the parties and their successors, executors, administrators and their permitted assigns.

ARTICLE 3 - PERFORMANCE BY SUPPLIER

3.01 **Commencement of Performance**

The Supplier shall commence performance upon receipt of instructions and advice from OFA.

3.02 **Performance Warranty**

The Supplier hereby represents and warrants that the Deliverables shall be provided fully and diligently in a professional and competent manner by persons qualified and skilled in their occupations and furthermore that all Deliverables will be provided in accordance with (a) the Agreement; (b) Industry Standards; and (c) Requirements of Law. If any of the Deliverables, in the opinion of OFA, are inadequately provided or require corrections, the Supplier shall forthwith make the necessary corrections at its own expense as specified by OFA in a rectification notice.

3.03 **Notification by Supplier to OFA**

During the Term, the Supplier shall notify OFA promptly of (a) any contradictions, discrepancies or errors found or noted in the Agreement; (b) supplementary details, instructions or directions that do not correspond with those contained in the Agreement; and (c) any omissions or other faults that become evident and should be corrected in order to provide the Deliverables in accordance with the Agreement and Requirements of Law.

3.04 **Condonation Not a Waiver**

Any failure by OFA to insist in one or more instances upon strict performance by the Supplier of any of the terms or conditions of the Agreement shall not be construed as a waiver by OFA of its right to require strict performance of any such terms or conditions, and the obligations of the Supplier with respect to such performance shall continue in full force and effect.

3.05 **Changes By Written Amendment Only**

Any changes to the Agreement shall be by written amendment executed by the parties. No changes shall be effective or shall be carried out in the absence of such an amendment.

3.06 **Supplier to Comply With Reasonable Change Requests**

OFA may, in writing, request changes to the Agreement, which may include altering, adding to, or deleting any of the Deliverables. The Supplier shall comply with all reasonable OFA change requests and the performance of such request shall be in accordance with the terms and conditions of the Agreement. If the Supplier is unable to comply with the change request, it shall promptly notify OFA and provide reasons for such non-compliance. In any event, any such change request shall not be effective until a written amendment reflecting the change has been executed by the parties.

3.07 **Pricing for Requested Changes**

Where an OFA change request includes an increase in the scope of the previously contemplated Deliverables, OFA shall set out, in its change request, the proposed prices for the contemplated changes. Where the Rates in effect at the time of the change request:

(i) includes pricing for the type of goods or services contemplated in the change request, the Supplier shall not unreasonably refuse to provide those goods or services at prices consistent with those Rates; or

(ii) are silent to the applicable price for the particular goods or services contemplated in the change request, the price shall be negotiated between the OFA and the Supplier within a reasonable period of time;

and in any event, such change request shall not become effective until a written amendment reflecting the change has been executed by the parties.

3.08 **Work Volumes**

The Supplier acknowledges that it is providing the Deliverables to OFA on a non-exclusive basis. OFA makes no representation regarding the volume of goods and services required under the Agreement. OFA reserves the right to contract with other parties for the same or similar goods and services as those provided by the Supplier and reserves the right to obtain the same or similar goods and services internally or to not acquire such services from the Supplier.

3.09 **Performance by Specified Individuals Only**

The Supplier agrees that to the extent that specific individuals are named in Schedule 1 (Proposal) as being responsible for the provision of the Deliverables, only those individuals shall provide the Deliverables under the Agreement. The Supplier shall not replace or substitute any of the individuals named in Schedule 1 (Proposal) without the prior written approval of OFA, which may not arbitrarily or unreasonably be withheld. Should the Supplier require the substitution or replacement of any of the individuals named in Schedule 1 (Proposal), it is understood and agreed that any proposed replacement must possess similar or greater qualifications than the individual named in Schedule 1 (Proposal). The Supplier shall not claim fees for any replacement individual greater than the Rates established under Schedule 1 (Proposal). The Supplier shall replace any of its personnel if they are unacceptable to OFA because of security risk, incompetence, conflict of interest, breach of confidentiality or improper conduct upon receiving written notice from OFA.

3.10 **Facility Rules**

Should the Supplier be required to attend on OFA or Provincial property, the Supplier shall obey all fire, safety and other applicable rules of the facility. All damage to an OFA or Provincial facility and/or equipment, or any mishaps or accidents involving OFA and/or Provincial personnel, facilities and/or equipment shall be reported immediately to the OFA Representative.

3.11 **OFA Rights and Remedies and Supplier Obligations Not Limited to Agreement**

The express rights and remedies of OFA and obligations of the Supplier set out in the Agreement are in addition to and shall not limit any other rights and remedies available to OFA or any other obligations of the Supplier at law or in equity.

ARTICLE 4 - PAYMENT FOR PERFORMANCE

4.01 **Payment of Rates Including Approved Disbursements and Expenses**

OFA shall, subject to the Supplier's compliance with the provisions of the Agreement, pay the Supplier for the Deliverables provided at the Rates established under the Agreement. All disbursements or expenses shall be reasonable and air travel and accommodation expenses be approved in advance by the OFA, acting reasonably.

4.02 **Default Billing and Payment Process**
Unless the parties expressly set out an alternative billing and payment process in Schedule 1, the following process shall govern:

(a) the Supplier shall provide the OFA with a monthly billing statement no later than ten (10) Business Days after the end of each month and that billing statement shall include (i) the reference number assigned to the Agreement by the OFA; (ii) a brief description of the Deliverables provided for the relevant month; and (iii) any disbursements, expenses or taxes, if payable by OFA, identified as separate items;

(b) the OFA shall approve or reject the billing statement within fifteen (15) Business Days and in the event that the OFA rejects the billing statement, it shall so advise the Supplier promptly in writing and the Supplier shall provide additional information as required by the OFA to substantiate the billing statement; and

(c) each billing statement must be approved by the OFA before any payment is released and payment shall be made within thirty (30) Business Days of such approval;

and any subparagraph set out above that is not expressly replaced in Schedule 1 with an alternative provision shall remain in full force and effect.

4.03 **Hold Back or Set Off**
OFA may hold back payment or set off against payment if, in the opinion of the OFA acting reasonably, the Supplier has failed to comply with any requirements of the Agreement.

4.04 **Additional Charges**
There shall be no other charges payable by OFA under the Agreement to the Supplier other than the Rates established under the Agreement.

4.05 **Payment of Taxes and Duties**
Unless otherwise stated, the Supplier shall pay all applicable taxes, including excise taxes incurred by or on the Supplier's behalf with respect to the Agreement.

4.06 **OFA GST Exempt**
The OFA hereby certifies that the Deliverables are required for the use of the Crown and are therefore not subject to the federal Goods and Services Tax.

4.07 **Document Retention and Audit**
For seven (7) years after the expiration of the Term the Supplier shall maintain all necessary records to substantiate (a) all charges and payments under the Agreement and (b) that the Deliverables were provided in accordance with the Agreement and with Requirements of Law. During the Term, and for seven (7) years after the end of the Term, the Supplier shall permit and assist OFA in conducting audits of the operations of the Supplier to verify (a) and (b) above. OFA shall provide the Supplier with at least ten (10) Business Days prior notice of its requirement for such audit.

The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 5 - CONFIDENTIALITY AND FIPPA

5.01 **Confidentiality and Promotion Restrictions**
Any publicity or publications related to the Agreement shall be at the sole discretion of the OFA. The OFA may, in its sole discretion, acknowledge the Deliverables provided by the Supplier in any such publicity or publication. The Supplier shall not make use of its association with the OFA without the prior written consent of the OFA. Without limiting the generality of this paragraph, the Supplier shall not, among other things, at any time directly or indirectly communicate with the media in relation to the Agreement unless it has first obtained the express written authorization to do so by the OFA.

5.02 **OFA, OPG, and the Government Confidential Information**

During and following the Term, the Supplier shall (a) keep all Confidential Information confidential and secure; (b) limit the disclosure of Confidential Information to only (i) those employees who have a need to know it and who have been specifically authorized to have such disclosure (ii) and to the other suppliers that have been retained subject to similar confidentiality obligations by OFA and identified by OFA to the Supplier for the sole purpose of providing to OFA or assisting the Supplier in providing to OFA the Deliverables pursuant to the Agreement and then only to the extent they need to know the Confidential Information for such purpose; (c) not directly or indirectly disclose, destroy, exploit or use any Confidential Information (except for the purpose of providing the Deliverables, or except if required by order of a court or tribunal), without first obtaining: (i) the written consent of OFA and (ii) in respect of any Confidential Information about any third-party, the written consent of such third-party; (d) provide Confidential Information to OFA on demand; and (e) deliver all Confidential Information to OFA before the termination or expiry of the Term, with no copy or portion kept by the Supplier, except that the Supplier may retain one copy for due diligence defence purposes, which copy shall be held securely and in accordance with the terms of this Agreement.

5.03 **Restrictions on Copying**

The Supplier shall not copy any Confidential Information, in whole or in part, unless copying is essential for the provision of the Deliverables. On each copy made by the Supplier, the Supplier must reproduce all notices which appear on the original.

5.04 **Injunctive and Other Relief**

The Supplier acknowledges that breach of any provisions of this Article may cause irreparable harm to OFA, the Province or to any third-party to whom OFA owes a duty of confidence, and that the injury to OFA, the Province or to any third-party may be difficult to calculate and inadequately compensable in damages. The Supplier agrees that each of OFA and the Province is entitled to obtain injunctive relief (without proving any damage sustained by it or by any third-party) or any other remedy against any actual or potential breach of the provisions of this Article.

5.05 **Notice and Protective Order**

If the Supplier or any of its directors, officers, employees, agents, representatives or advisors become legally compelled to disclose any Confidential Information, the Supplier will provide OFA with prompt notice to that effect in order to allow OFA or the Province, as the case may be, to seek one or more protective orders or other appropriate remedies to prevent or limit such disclosure, and it shall co-operate with OFA and the Province and their respective legal counsel to the fullest extent. If such protective orders or other remedies are not obtained, the Supplier will disclose only that portion of Confidential Information which the Supplier is legally compelled to disclose, only to such person or persons to which the Supplier is legally compelled to disclose, and the Supplier shall provide notice to each such recipient (in co-operation with legal counsel for OFA or the Province, as the case may be) that such Confidential Information is confidential and subject to non-disclosure on terms and conditions equal to those contained in the Agreement and, if possible, shall obtain each recipient's written agreement to receive and use such Confidential Information subject to those terms and conditions.

5.06 **Notification of Confidentiality Provisions**

The Supplier shall notify each of its partners, employees, directors, and officers and subcontractors who have access to any of the Confidential Information ("the Notified Parties") of the obligations contained in the Agreement with respect to the confidentiality of the Confidential Information and the restrictions on disclosure and use of the Confidential Information. The Supplier has advised or will advise, as the case may be, the Notified Parties of their obligations concerning the confidentiality of the Confidential Information and shall obtain the agreement of each of the Notified Parties to abide by the terms and conditions of the Agreement. The Supplier agrees to enforce such obligations to the extent required to prevent unauthorised disclosure of Confidential Information and to prevent any partner, employee, director, or officer (the "Representatives") from making unauthorised use of Confidential Information. The Supplier agrees to be responsible for any breach of confidentiality by any of the Representatives and agrees to indemnify OFA and the Province and OPG for all damages, costs, expenses, losses, claims or actions arising from any failure by the Supplier or any of the Representatives to comply with the confidentiality obligations in the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

5.07 **FIPPA Records and Compliance**
The Supplier and OFA acknowledge and agree that FIPPA applies to and governs all Records and may require the disclosure of such Records to third parties. Furthermore, the Supplier agrees:

(a) to keep Records secure;

(b) to provide Records to OFA within five (5) Business Days of being directed to do so by OFA for any reason including an access request or privacy issue;

(c) not to access any Personal Information unless OFA determines, in its sole discretion, that access is permitted under FIPPA and is necessary in order to provide the Deliverables;

(d) not to directly or indirectly use, collect, disclose or destroy any Personal Information for any purposes that are not authorized by OFA;

(e) to ensure the security and integrity of Personal Information and keep it in a physically secure and separate location safe from loss, alteration, destruction or intermingling with other records and databases and to implement, use and maintain the most appropriate products, tools, measures and procedures to do so;

(f) to restrict access to Personal Information to those of its employees who have a need to know it and who have been specifically authorized to have such access for the purpose of providing the Deliverables;

(g) to implement other specific security measures that in the reasonable opinion of OFA would improve the adequacy and effectiveness of the Supplier's measures to ensure the security and integrity of Personal Information and Records generally; and

(h) that any confidential information supplied to OFA or the Province may be disclosed by OFA or the Province where it is obligated to do so under FIPPA, by an order of a court or tribunal or pursuant to a legal proceeding.

5.08 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 6 – INTELLECTUAL PROPERTY

6.01 **OFA Intellectual Property**
The Supplier agrees that all Intellectual Property and every other right, title and interest in and to all concepts, techniques, ideas, information and materials, however recorded, (including images and data) provided by OFA or the Province to the Supplier shall remain the sole property of OFA or the Province, as the case may be, at all times.

6.02 **No Use of Insignia**
The Supplier shall not use any insignia or logo of OFA or the Province.

6.03 **Ownership of Intellectual Property**
OFA on behalf of the Province shall be the sole owner of any Newly Created Intellectual Property. The Supplier irrevocably assigns to and in favour of OFA and OFA accepts every right, title and interest in and to all Newly Created Intellectual Property in the Deliverables, immediately following the creation thereof, for all time. OFA grants to the Province a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, the Newly Created Intellectual Property in the Deliverables (b) to use, execute, make, have made, have used, display, distribute perform, reproduce and prepare, in any form, Derivative Work based on the Newly Created Intellectual Property in the Deliverables and (c) to practise and have practised any process or method (or both) associated with such Derivative Work;

To the extent that any of the Deliverables include, in whole or in part, the Supplier's Intellectual Property, the Supplier grants to OFA and the Province a licence to use that Supplier Intellectual

Property in the manner contemplated in this Article, the total consideration for which shall be payment of the Rates on the terms and to the Supplier by OFA.

6.04 **Presumption Governing Ownership**

The presumption governing the Agreement shall be that OFA on behalf of the Province shall be the sole owner of any Intellectual Property in any form contained in any of the Deliverables. If the Supplier's Intellectual Property forms any part of the Deliverables, the Supplier shall notify OFA of such prior to the delivery of the particular Deliverable containing any such Supplier Intellectual Property. In the absence of any such notice the presumption shall remain that OFA is the sole owner of any Intellectual Property contained in the Deliverables.

6.05 **Supplier's Grant of Licence**

For those parts of the Deliverables that are Supplier Intellectual Property, the Supplier grants to OFA and the Province, a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, copies of those Deliverables and to practice and have practised any process or method (or both) associated with such Deliverables; and (b) to use, execute, make, have made, have used, display, distribute, perform, reproduce and prepare, in any form, Derivative Work based on those Deliverables and to practise and have practised any process or method (or both) associated with such Derivative Work; and (c) authorize other Persons including agents, contractors or sub-contractors to do any of the former on behalf of OFA or the Province, provided that the OFA and the Province shall be entitled to use and authorize other Persons to use the Supplier Intellectual Property for the purposes of the Province only and not for resale or other commercial exploitation thereof.

6.06 **No Restrictive Material in Deliverables**

The Supplier waives, and shall not incorporate into any Deliverables anything that would restrict the right of OFA or the Province to modify, further develop or otherwise use the Deliverables in any way that OFA or the Province deems necessary, or that would prevent OFA or the Province from entering into any contract with any contractor other than the Supplier for the modification, further development of or other use of the Deliverables. However, to the extent that any of the Deliverables constitutes any professional opinion, judgement or financial advice of the Supplier, the preceding sentence will not restrict or prevent the Supplier from addressing such opinions, judgements and financial advice solely to the OFA and the Province or from including customary assumptions, qualifications and limitations respecting reliance by parties other than the Indemnified Parties in such Deliverables.

6.07 **Supplier Representation and Warranty Regarding Third-Party Intellectual Property**

The Supplier represents and warrants that the provision of the Deliverables shall not infringe or induce the infringement of any Third-Party Intellectual Property rights. The Supplier further represents and warrants that it has obtained assurances with respect to any Third-Party Intellectual Property that any rights of integrity or any other moral rights associated therewith have been waived.

6.08 **Moral Rights**

The Supplier shall obtain waivers of all rights of integrity and any other moral rights in relation to the Deliverables from its employees, volunteers, agents and subcontractors and from any other party in the position to assert such rights in relation to any of the Deliverables, which waivers may be invoked without restriction by any person authorized by OFA or the Province to use the Deliverables.

6.09 **Copyright Notice**

The Supplier shall place a copyright notice in the following form on all recorded Deliverables it provides to OFA:

"© Queen's Printer for Ontario, 2004"

6.10 **Further Assurances Regarding Copyright**

At the request of OFA, at any time or from time to time, the Supplier shall execute and agrees to cause anyone in the position to assert rights of integrity or any other moral right (including its employees, volunteers, agents and subcontractors) to execute a written assignment of copyright and waiver of moral rights in the applicable Deliverable to the OFA in the forms set out in Schedule 2. The Supplier shall assist OFA in preparing any Canadian copyright registration that OFA considers appropriate. The Supplier will obtain or execute any other document reasonably required by OFA to protect the Intellectual Property of OFA.

6.11 **OFA May Prescribe Further Compliance**
OFA reserves the right to prescribe the specific manner in which the Supplier shall perform its obligations relating to this Article.

6.12 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 7 – CONFLICT OF INTEREST

7.01 The Supplier acknowledges it owes the OFA and the Province of Ontario a duty to promote the interests of OFA and the Province of Ontario in carrying out the Services. The overriding obligation the Supplier is to avoid actual or perceived conflicts between its private interests and those of OFA and the Province (including OFA and OEFC).

7.02 The Supplier shall not, in its provision of the Deliverables, engage in any activity, business or undertaking, whether as Supplier or otherwise, that could create a conflict of interest or potential conflict of interest. Included in the prohibitions on the Supplier are the following:

(a) engaging in any activity, business or undertaking that may conflict or be perceived as conflicting with the performance by the Supplier of the duties and obligations under this Agreement;

(b) directly or indirectly benefiting from any activity related to this Agreement otherwise than as specifically contemplated by this Agreement;

(c) circumstances where the supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

7.03 If required by the OFA for the purpose of complying with section 7.02 , the Supplier agrees to:

(a) file with the OFA a Plan to Prevent Conflict of Interest in respect of any particular actual or potential conflict of interest;

(b) file and cause its partners, directors, officers or employees who are providing the Services under this Agreement to file with the OFA declarations disclosing their interests in a manner equivalent to that set out in Section 13 of O.Reg 435/97 and their personal relationships (if any) with the firms and named individuals employed by or affiliated with OPG or any OEB licensed wholesale or retail electricity market participant in Ontario; and

(c) cause its partners, directors, officers or employees who are providing the Deliverables under this Agreement to execute confidentiality undertakings and provide copies to the OFA.

Upon the occurrence of any change in circumstance that renders any certificate or information filed or provided by the Supplier either incorrect or incomplete, the Supplier shall forthwith notify the OFA as set out in this Article of the change in circumstance in detail.

7.04 If any activities or prior activities of the Supplier could constitute an actual or potential conflict of interest in respect of this Agreement, the Supplier shall without delay make full, true and plain disclosure to the OFA of all relevant information about the particular activity, business or undertaking in question to the satisfaction of the OFA or its agent and abide by the decision of the OFA.

7.05 Upon any disclosure made by a Supplier or any other person in relation to the activities of the Supplier, of any activity, business or undertaking that could create a conflict of interest in respect of this Agreement, the OFA may, in its sole discretion:

(a) require that the Supplier:
  (i) deliver further and detailed particulars of the activity, business or undertaking;
  (ii) elect between the continuation of the Agreement and the continuation of the activity, business or undertaking concerned; and/or

(iii) institute measures which in the opinion of the OFA eliminate, resolve, isolate, diminish or nullify any perceived conflict of interest;

(b) terminate the Agreement effective upon written notice to such effect, and/or

(c) take such other steps as may be necessary to address the conflict including the institution of proceedings.

Where the OFA recommends that the Supplier take certain action, or refrain from taking certain action, the Supplier shall abide by the recommendation. The Supplier's failure to do so may result in the termination of the Supplier's Agreement in the sole discretion of the OFA.

7.06 Information disclosed by the Supplier to the OFA as contemplated under section 7.05 is confidential and shall not be disclosed to any person, except:

(a) on the consent of all parties;
(b) as required by law or by the order of a tribunal or court;
(c) such persons, if any, as the Supplier or the OFA may consult in respect of the conflict of interest; or
(d) in any proceedings between the OFA and the Supplier for breach of obligations under Article 7.

ARTICLE 8 – INDEMNITY AND INSURANCE

8.01 **Supplier Indemnity**
The Supplier hereby agrees to indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings, (collectively, "Claims"), by whomever made, sustained, brought or prosecuted, including for third party bodily injury (including death), personal injury and property damage arising from the negligence, errors, omissions or wilful misconduct of the Supplier, its subcontractors or their respective directors, partners, officers, agents, employees or independent contractors in the course of performance of the Supplier's obligations under, or otherwise in connection with, the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

8.02 **Supplier's Insurance**
The Supplier shall maintain errors & omissions liability insurance (external coverage and/or self-insured coverage), insuring liability for errors and omissions in the performance or failure to perform the services contemplated in this agreement, in the amount not less than $5,000,000 per claim and in the annual aggregate.

8.03 **Supplier Participation in Proceedings**
The Supplier shall, at its expense, to the extent requested by OFA or the Province participate in or conduct the defence of any Claim against any Indemnified Parties referred to in this Article and any negotiations for their settlement. OFA or the Province may elect to participate in or conduct the defence of any such Claim by notifying the Supplier in writing of such election without prejudice to any other rights or remedies of OFA or the Province under the Agreement, at law or in equity. Each party participating in the defence shall do so by actively participating with the other's counsel. No settlement shall be entered into by the Supplier unless it has obtained the prior written approval of OFA or the Province, as the case may be. If the Supplier is requested by OFA or the Province to participate in or conduct the defence of any such Claim, OFA or the Province agrees to co-operate with and assist the Supplier to the fullest extent possible in the Claim and any related settlement negotiations. If OFA or the Province conducts the defence of any such Claim, the Supplier agrees to co-operate with and assist OFA or the Province to the fullest extent possible in the Claim and any related settlement negotiations; provided that no settlement of such Claim shall be entered into by any Indemnified Party unless it has obtained the prior written consent of the Supplier, such consent not to be unreasonably withheld.

8.04 The provisions of this Article survive the termination or expiry of the Agreement.

ARTICLE 9 – TERMINATION, EXPIRY AND EXTENSION

9.01 **Immediate Termination of Agreement**
OFA may immediately terminate the Agreement upon giving notice to the Supplier where:

(a) the Supplier is adjudged bankrupt, is insolvent, makes a general assignment for the benefit of its creditors or a receiver, liquidator or similar official is appointed on account of the Supplier's insolvency;

(b) the Supplier breaches any provision in Article 5 (Confidentiality and FIPPA) of the Agreement;

(c) the Supplier breaches any provision in Article 7 (Conflict of Interest) of the Agreement;

(d) the Supplier, prior to or after executing the Agreement, makes a material misrepresentation or omission or provides materially inaccurate information to OFA;

(e) the Supplier undergoes a change in control which, in the sole opinion of OFA, adversely affects the Supplier's ability to satisfy some or all of its obligations under the Agreement;

(f) the Supplier subcontracts for the provision of part or all of the Deliverables or assigns the Agreement without first obtaining the written approval of OFA; or

(g) the Supplier's acts or omissions constitute a substantial failure of performance;

and the above rights of termination are in addition to all other rights of termination available at law, or events of termination by operation of law.

9.02 **Dispute Resolution by Rectification Notice**
Subject to section 9.01, where the Supplier fails to comply with any of its obligations under the Agreement, OFA may issue a rectification notice to the Supplier setting out the manner and timeframe for rectification. Within seven (7) Business Days of receipt of that notice the Supplier shall either (a) comply with that rectification notice; or (b) provide a rectification plan satisfactory to OFA. If the Supplier fails to either comply with that rectification notice or provide a satisfactory rectification plan, OFA may immediately terminate the Agreement. Where the Supplier has been given a prior rectification notice, the same subsequent type of non-compliance by the Supplier shall allow OFA to immediately terminate the Agreement.

9.03 **Termination on Notice**
OFA reserves the right to terminate the Agreement, without cause, upon five (5) days written notice with or without cause.

9.04 **Termination for Non-Appropriation**
If this Agreement extends into a Fiscal Year subsequent to its execution, continuation of the Agreement is conditional upon an appropriation of moneys by the Legislature of Ontario (the "Legislature") sufficient to satisfy payments due under the Agreement. In the event that such moneys are not available as a result of: (i) non-appropriation by the Legislature for the Fiscal Year in which payment becomes due; and (ii) the payment being neither charged nor chargeable to an appropriation of the Legislature for a previous Fiscal Year, the OFA may terminate the Agreement upon giving notice to the Supplier and such termination shall be effective on the date of the beginning of the first Fiscal Year for which funds have not been appropriated.

9.05 **Supplier's Obligations on Termination**
The Supplier shall, in addition to its other obligations under the Agreement and at law:

(a) provide OFA with a report detailing (i) the current state of the provision of Deliverables by the Supplier at the date of termination; and (ii) any other information requested by OFA pertaining to the provision of the Deliverables and performance of the Agreement;

(b) execute such documentation as may be required by OFA to give effect to the termination of the Agreement;

(c) comply with any other instructions provided by OFA, including but not limited to instructions for facilitating the transfer of its obligations to another Person; and

(d) return or destroy Confidential Information under secure conditions, as requested by the OFA and provide a certificate of an officer of the Supplier confirming that all Confidential Information has been returned or destroyed, subject to the right to retain one copy as set out in Section 5.02.

9.06 **Supplier's Payment Upon Termination**
OFA shall only be responsible for the payment of the Deliverables provided under the Agreement up to and including the effective date of any termination. Termination shall not relieve the Supplier of its warranties and other responsibilities relating to the Deliverables performed or money paid. In addition to its other rights of hold back or set off, OFA may hold back payment or set off against any payments owed if the Supplier fails to comply with its obligations on termination.

9.07 **Termination in Addition to Other Rights**
The express rights of termination in the Agreement are in addition to and shall in no way limit any rights or remedies of OFA under the Agreement, at law or in equity

9.08 **Expiry of Agreement**
The Agreement shall expire at the end of the Term.

9.09 The provisions of this Article survive the termination or expiry of the Agreement.

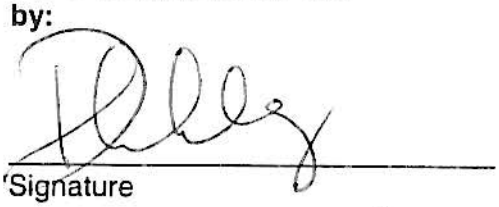
IN WITNESS WHEREOF the parties hereto have executed the Agreement effective as of the date first above written.

Ontario Financing Authority
by:

Signature

Name: Gadi Mayman
Title: Chief Executive Officer
Date of Signature: August 30, 2004

CIBC World Markets Inc.
by:



Signature

Name: Don Munkley
Title: Vice Chairman and Head of Power & Utility
Date of Signature: Aug. 30, 2004

I have authority to bind the Supplier.

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

~~[~~ONTARIO FINANCING AUTHORITY~~][NTD: WHO WILL BE THE CONTRACTING PARTY?]~~
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving ~~an [informal][NTD: Need to consider scope of retainer]~~ ~~assessment/~~advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 ~~Canadian~~ and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]** by or on behalf of ~~[~~**OFA**~~]~~ ~~[or Her Majesty in right of Ontario (the "Province")]~~ for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of ~~[~~**OFA**~~]~~, which consent may be withheld in ~~[~~**OFA**~~]~~**'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

   (a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the ~~[~~**OFA**~~]~~ are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by ~~[~~**OFA**~~]~~ to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of ~~[~~**OFA**~~]~~ and/or the Province ~~[NTD: Could it also be information of OPG?]~~ and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and ~~[~~**OFA**~~]~~ regarding the Project identified therein, and to provide advice and/or further information to ~~[~~**OFA**~~]~~ in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, ~~,~~ ~~,~~directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,~~,~~ directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. Prior to commencing work, ~~T~~the Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners,~~,~~ directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

~~8. **Retention, Return or Destruction of Project Information**~~

~~[Suggest we do not include this unless requested to.]~~

~~**Adviser/Dealer]** shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.~~

~~9~~8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the ~~[~~**OFA**~~]~~ **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the ~~[~~**OFA**~~]~~ and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, ~~,~~ director or officer, shall be reported to the ~~[~~**OFA**~~]~~ by **[Adviser/Dealer]**.

~~9~~10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

10~~1~~. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that ~~[~~**OFA**~~]~~ is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by ~~[~~**OFA**~~]~~ under this Agreement, **[Adviser/Dealer]** will cooperate with ~~[~~**OFA**~~]~~ in identifying records responsive to the request and responding to it in a timely manner.

11~~2~~. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.

The obligations of **[Adviser/Dealer]** after the return to ~~[~~**OFA**~~]~~ of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify ~~[~~**OFA**~~]~~ of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will provide the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

~~[Insert contact details]~~Mr. Michael Manning
Executive Director
Ontario Financing Authority
One Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7
Canada

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(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

12~~3~~. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

13~~4~~. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

~~[~~ONTARIO FINANCING AUTHORITY~~]~~
by:

_____
Name: Michael Manning
Title: Executive Director

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[ADVISER/DEALER]
by:

_____
Name:
Title:
I have the authority to bind the company.

From:	Kelly Listoe
To:	Sarah Harris
Subject:	FW: NDA Agreement
Date:	Monday, April 03, 2017 1:17:38 PM
Attachments:	GA NDA April 3.doc Sample Advisory Agreement.PDF GA NDA April 3(1).doc

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I should add – if you look at the white paper that was prepared by OPG, on page 2 there is the proposed structure of the "deal" with the spv included. It is noted that the percentages and types of debt/ equity are subject to change depending on the eventual legislation enacted. It seems to me that this is largely what the Province (OFA/ Energy) need the advisor for – advise on this structure based on what the legislation ends up looking like – simple as that.
Kelly

From: Kelly Listoe
Sent: Monday, April 03, 2017 1:12 PM
To: Sarah Harris
Subject: FW: NDA Agreement

Hi Sarah
I have edited Toby's draft and attached it. I think Carlos' previous answers shed light on some of the items raised. It looks to me to be a bit more straightforward than the situation with OPG and CIBC, etc giving rise to the FAS agreement, so not sure that is needed after all.
Bullet 1 seems to be answered by "**to provide advice on the structure of financing alternatives for the special purpose vehicle"**
We could confirm again with Carlos/ Mike who is receuiving the advice. I left it as the OFA based on his previous response.
For potential conflicts within the advisor, I know they all have their own Chinese Walls in place.
Kelly

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 11:58 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: NDA Agreement

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.
Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.
We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.
Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

[ONTARIO FINANCING AUTHORITY][NTD: WHO WILL BE THE CONTRACTING PARTY?]
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving an [**informal][NTD: Need to consider scope of retainer]** assessment/advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 Canadian and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]**by or on behalf of [**OFA]** [or Her Majesty in right of Ontario (the "Province")] for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

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Without the prior written consent of **[OFA]**, which consent may be withheld in [**OFA]'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

(a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the **[OFA]** are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by **[OFA]** to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of **[OFA]** and/or the Province [NTD: Could it also be information of OPG?] and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and **[OFA]** regarding the Project identified therein, and to provide advice and/or further information to **[OFA]** in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

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6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,, directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. The Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners, , directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

8. **Retention, Return or Destruction of Project Information**

[Suggest we do not include this unless requested to.]

Adviser/Dealer] shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.

9. **Breach**

[Adviser/Dealer] acknowledges that breach of any provision of this Agreement will result in immediate and irreparable harm to **[OFA] and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach **[OFA]** and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, , director or officer, shall be reported to **[OFA]** by **[Adviser/Dealer]**.

10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

11. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that **[OFA]** is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by **[OFA]** under this Agreement, **[Adviser/Dealer]** will cooperate with **[OFA]** in identifying records responsive to the request and responding to it in a timely manner.

12. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.
The obligations of **[Adviser/Dealer]** after the return to **[OFA]** of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify **[OFA]** of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

[Insert contact details]

(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

13. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

14. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

[ONTARIO FINANCING AUTHORITY]
by:

_____

Name: ●
Title: ●

[ADVISER/DEALER]
by:

_____

Name:
Title:
I have the authority to bind the company.

FINANCIAL ADVISORY SERVICES

AGREEMENT

THIS AGREEMENT ("the Agreement"), made in duplicate, for Financial Advisory Services is effective as of the **16th of August, 2004.**

BETWEEN:

Ontario Financing Authority

(referred to as "OFA")

AND:

CIBC World Markets Inc.

(referred to as the "Supplier")

In consideration of their respective agreements set out below, the parties covenant and agree as follows:

ARTICLE 1 – INTERPRETATION AND GENERAL PROVISIONS

1.01 **Defined Terms**

When used in the Agreement, the following words or expressions have the following meanings:

"Authority" means any government authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Agreement; and **"Authorities"** means all such authorities, agencies, bodies and departments;

"**Business Day**" means 8:00 a.m. to 5:00 p.m. any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year's Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day which the OFA has elected to be closed for business;

"Confidential Information" means all information of the Province (including the OFA and OEFC) and OPG that is of a confidential nature, including all confidential information in the custody or control of OFA, the Province and OPG, regardless of whether it is identified as confidential or not, and whether recorded or not, and however fixed, stored, expressed or embodied, which comes into the knowledge, possession or control of the Supplier in connection with the Agreement. For the purposes or greater certainty, Confidential Information shall:

(a) include: (i) all new information derived at any time from any such information whether created by OFA, the Province or OPG, the Supplier or any third-party; (ii) all information (including Personal Information) that OFA, the Province and OPG is obliged, or has the discretion, not to disclose under provincial or federal legislation; (iii) the fact that Confidential Information has been made available to the Supplier; (iv) the Deliverables;

(b) not include information that: (i) is or becomes generally available to the public without fault or breach on the part of the Supplier of any duty of confidentiality owed by the Supplier to OFA, the Province or OPG or to any third-party; (ii) the Supplier can demonstrate to have been rightfully obtained by the Supplier, without any obligation of confidence, from a third-party who had the right to transfer or disclose it to the Supplier free of any obligation of confidence; (iii) the Supplier can demonstrate to have been rightfully known to or in the possession of the Supplier at the time of disclosure, free of any obligation of confidence when disclosed; or (iv) is independently developed by the Supplier; but the exclusions in this subparagraph shall in no way limit the meaning of Personal Information or the obligations attaching thereto under the Agreement or at law;

"**Conflict of Interest**" includes, but is not limited to, any situation or circumstance where:

(a) in relation to the RFP process, the proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) having or having access to information in the preparation of its Proposal that is confidential to the OFA and not available to other proponents; (ii) communicating with any person with a view to influencing preferred treatment in the RFP process; or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the competitive RFP process and render that process non-competitive and unfair; or;

(b) in relation to the performance of its contractual obligations in this Agreement, the Supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

"Deliverables" means everything developed for or provided to the OFA in the course of performing under the Agreement or agreed to be provided to the OFA under the Agreement, by the Supplier or its partners, employees, volunteers, agents or subcontractors, as further defined, but not limited by Schedule 1, including but not limited to any goods or services or any and all Intellectual Property and any and all concepts, techniques, ideas, information, documentation and other materials, however recorded, developed or provided;

"Derivative Work" means a work based on the Supplier's Intellectual Property including, without limitation, an adaptation, modification, translation, expansion, condensation or transformation, that if prepared without authorization, would constitute copyright infringement or infringement of any other Intellectual Property right;

"FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended.

"Fiscal Year" means the period running from April 1 in one calendar year to, and including, March 31 in the next calendar year.

"Government" means the Government of Ontario;

"Indemnified Parties" means OFA, directors, appointees and employees of the OFA, and Her Majesty the Queen in right of Ontario, her Ministers, appointees and employees;

"Industry Standards" include, but are not limited to (a) the provision of any and all labour, supplies, equipment and other goods or services that are necessary and can reasonably be understood or inferred to be included within the scope of the Agreement or customarily furnished by Persons providing Deliverables of the type provided hereunder in similar situations in Ontario and; (b) adherence to commonly accepted norms of ethical business practices, which shall include the Supplier establishing, and ensuring adherence to, precautions to prevent its employees or agents from providing or offering gifts or hospitality of greater than nominal value to any person acting on behalf of or employed by OFA and the Province.

"Intellectual Property" means any intellectual, industrial or other proprietary right of any type in any form protected or protectable under the laws of Canada, any foreign country, or any political subdivision of any country, including, without limitation, any intellectual, industrial or proprietary rights protected or protectable by legislation, by common law or at equity;

"Newly Created Intellectual Property" means any Intellectual Property created by the Supplier in the course of performance of its obligations under the Agreement;

"OFA" means Ontario Financing Authority;

"OFA Address" means 1 Dundas Street West, Suite 1400, Toronto, Ontario, M7A 1Y7;

"OFA Representative" means Chief Executive Officer (CEO), OFA;

"OPG" means Ontario Power Generation Inc. and its subsidiaries;

"Person" if the context allows, includes any persons, firms, partnerships or corporations or any combination thereof;

"Personal Information" has the same definition as in subsection 2(1) of FIPPA, that is, recorded information about an identifiable individual or that may identify an individual and includes all such information obtained by the Supplier from the OFA or the Province or OPG or their respective agents or created by the Supplier pursuant to the Agreement;

"Proceeding" means any action, claim, demand, lawsuit, or other proceeding;

"Proposal" means all the documentation submitted by the Supplier in response to the Request for Proposal;

"Province" means Her Majesty the Queen in right of Ontario including any ministries and agencies of the Province including OEFC and OFA and "Provincial" has a corresponding meaning;

"Rates" means the applicable price, in Canadian funds, to be charged for the applicable Deliverables, as set out in Schedule 1, representing the full amount chargeable by the Supplier for the provision of the Deliverables, including but not limited to (a) all applicable duties and taxes, including Goods and Services Tax; (b) all labour and material costs; (c) all travel and carriage costs (d) all insurance costs; and (e) all other overhead including any fees or other charges required by law;

"Record", for the purposes of the Agreement, means any recorded information, including any Personal Information, in any form: (a) provided by OFA or the Province to the Supplier, or provided by the Supplier to OFA, for the purposes of the Agreement; or (b) created by the Supplier in the performance of the Agreement for delivery or presentation to the OFA or use by the OFA;

"Requirements of Law" mean all applicable requirements, laws, statutes, codes, acts, ordinances, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorisations, directions, and agreements with all Authorities that now or at any time hereafter may be applicable to either the Agreement or the Deliverables or any part of them;

"RFP" means the Request for Proposals dated **[*insert date*]** for **[*insert name of RFP*]**, reference number **[*insert reference number*]** issued by OFA for the Deliverables and any addenda to it;

"Supplier Address" and **"Supplier Representative,"** mean:

CIBC World Markets Inc.
161 Bay Street, 6th Floor
Toronto, ON M5J 2S8
Attention: Ron Munkley
Phone No: (416) 594 7863
Facsimile No. (416) 956 6334

"Supplier's Intellectual Property" means Intellectual Property owned by the Supplier prior to its performance under the Agreement or created by the Supplier during the Term of the Agreement independently of the performance of its obligations under the Agreement;

"Term" means the period of time from the effective date first above written to the satisfactory provision of all Deliverables unless this Agreement is terminated early in accordance with the provisions of this Agreement in which case the Term shall end on the expiry or termination date, as the case may be;

"Third-Party Intellectual Property" means any Intellectual Property owned by a party other than OFA or the Province or the Supplier.

1.02 **Entire Agreement**

The Agreement, including the Schedules, embodies the entire agreement between the parties with regard to the provision of Deliverables and supersedes any prior understanding or agreement, collateral, oral or otherwise, existing between the parties at the date of execution of the Agreement.

1.03 **Severability**
If any term or condition of the Agreement, or the application thereof to the parties or to any Persons or circumstances, is to any extent invalid or unenforceable, the remainder of the Agreement, and the application of such term or condition to the parties, Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

1.04 **Interpretive Value of Documents**
In the event of a conflict or inconsistency in any provisions in the Agreement, the main body of the Agreement shall govern over the Schedules to the Agreement.

1.05 **Interpretive Value of Headings**
The headings in the Agreement are for convenience of reference only and in no manner modify, interpret or construe the Agreement.

1.06 **Force Majeure**
Neither party shall be liable for damages caused by delay or failure to perform its obligations under the Agreement where such delay or failure is caused by an event beyond its reasonable control. The parties agree that an event shall not be considered beyond one's reasonable control if a reasonable business person applying due diligence in the same or similar circumstances under the same or similar obligations as those contained in the Agreement would have put in place contingency plans to either materially mitigate or negate the effects of such event. Without limiting the generality of the foregoing, the parties agree that force majeure events shall include natural disasters and acts of war, insurrection and terrorism but shall not include shortages or delays relating to supplies or services. If a party seeks to excuse itself from its obligations under this Agreement due to a force majeure event, that party shall immediately notify the other party of the delay or non-performance, the reason for such delay or non-performance and the anticipated period of delay or non-performance. If the anticipated or actual delay or non-performance exceeds fifteen (15) Business Days, the other party may immediately terminate the Agreement by giving notice of termination and such termination shall be in addition to the other rights and remedies of the terminating party under the Agreement, at law or in equity.

1.07 **Notices**
Notices shall be in writing and shall be delivered by postage-prepaid envelope, personal delivery or facsimile and shall be addressed to, respectively, the OFA Address to the attention of the OFA Representative and to the Supplier Address to the attention of the Supplier Representative. Notices shall be deemed to have been given (a) in the case of postage-prepaid envelope, five (5) Business Days after such notice is mailed; or (b) in the case of personal delivery or facsimile one (1) Business Day after such notice is received by the other party. In the event of a postal disruption, notices must be given by personal delivery or by facsimile. Unless the parties expressly agree in writing to additional methods of notice, notices may only be provided by the methods contemplated in this paragraph.

1.08 **Governing Law**
The Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.09 **Survival**
All warranties and representations about quality, skills, qualifications and experience, the intellectual property provisions, the confidentiality provisions, the indemnity provisions, document retention and audit provisions, termination provisions, and any clauses about remedies shall remain in force after the Term of the Agreement.

ARTICLE 2 – LEGAL RELATIONSHIP BETWEEN OFA, SUPPLIER AND THIRD-PARTIES

2.01 **Supplier's Power to Contract**
The Supplier represents and warrants that it has the full right and power to enter into the Agreement and there is no agreement with any other Person which would in any way interfere with the rights of OFA under this Agreement.

2.02 **Representatives May Bind the Parties**
The parties represent that their respective representatives have the authority to legally bind them to the extent permissible by the Requirements of Law.

2.03 **Responsibility of Supplier**

The Supplier agrees that it is liable for the acts and omissions of its directors, officers, employees, agents, partners, volunteers and subcontractors. This paragraph is in addition to any and all of the Supplier's liabilities under the Agreement and under the general application of law. The Supplier shall advise these individuals and entities of its obligations under the Agreement and, without limiting the generality of the foregoing, shall take appropriate action to ensure compliance with (a) the Agreement generally and (b) with the requirements of Article 5 (Confidentiality and FIPPA) of the Agreement. In addition to any other liabilities of the Supplier pursuant to the Agreement or otherwise at law or in equity, the Supplier shall be liable for all damages, costs, expenses, losses, claims or actions arising from any breach of the Agreement resulting from the actions of the above mentioned individuals and entities.

2.04 **No Subcontracting or Assignment**

The Supplier shall not subcontract or assign the whole or any part of the Agreement or any monies due under it without the prior written consent of OFA. Such consent shall be in the sole discretion of OFA and subject to the terms and conditions that may be imposed OFA. Without limiting the generality of the conditions which OFA may require prior to consenting to the Supplier's use of a subcontractor, every contract entered into by the Supplier with a subcontractor shall adopt all of the terms and conditions of this Agreement as far as applicable to those parts of the Deliverables provided by the subcontractor. Nothing contained in the Agreement shall create a contractual relationship between any subcontractor or its employees and OFA.

2.05 **Duty to Disclose Change of Control**

In the event that the Supplier undergoes a change in control the Supplier shall immediately disclose such change in control to OFA and shall comply with any terms and conditions subsequently prescribed by OFA resulting from the disclosure.

2.06 **Agreement Binding**

The Agreement shall enure to the benefit of and be binding upon the parties and their successors, executors, administrators and their permitted assigns.

ARTICLE 3 - PERFORMANCE BY SUPPLIER

3.01 **Commencement of Performance**

The Supplier shall commence performance upon receipt of instructions and advice from OFA.

3.02 **Performance Warranty**

The Supplier hereby represents and warrants that the Deliverables shall be provided fully and diligently in a professional and competent manner by persons qualified and skilled in their occupations and furthermore that all Deliverables will be provided in accordance with (a) the Agreement; (b) Industry Standards; and (c) Requirements of Law. If any of the Deliverables, in the opinion of OFA, are inadequately provided or require corrections, the Supplier shall forthwith make the necessary corrections at its own expense as specified by OFA in a rectification notice.

3.03 **Notification by Supplier to OFA**

During the Term, the Supplier shall notify OFA promptly of (a) any contradictions, discrepancies or errors found or noted in the Agreement; (b) supplementary details, instructions or directions that do not correspond with those contained in the Agreement; and (c) any omissions or other faults that become evident and should be corrected in order to provide the Deliverables in accordance with the Agreement and Requirements of Law.

3.04 **Condonation Not a Waiver**

Any failure by OFA to insist in one or more instances upon strict performance by the Supplier of any of the terms or conditions of the Agreement shall not be construed as a waiver by OFA of its right to require strict performance of any such terms or conditions, and the obligations of the Supplier with respect to such performance shall continue in full force and effect.

3.05 **Changes By Written Amendment Only**

Any changes to the Agreement shall be by written amendment executed by the parties. No changes shall be effective or shall be carried out in the absence of such an amendment.

3.06 **Supplier to Comply With Reasonable Change Requests**

OFA may, in writing, request changes to the Agreement, which may include altering, adding to, or deleting any of the Deliverables. The Supplier shall comply with all reasonable OFA change requests and the performance of such request shall be in accordance with the terms and conditions of the Agreement. If the Supplier is unable to comply with the change request, it shall promptly notify OFA and provide reasons for such non-compliance. In any event, any such change request shall not be effective until a written amendment reflecting the change has been executed by the parties.

3.07 **Pricing for Requested Changes**

Where an OFA change request includes an increase in the scope of the previously contemplated Deliverables, OFA shall set out, in its change request, the proposed prices for the contemplated changes. Where the Rates in effect at the time of the change request:

(i) includes pricing for the type of goods or services contemplated in the change request, the Supplier shall not unreasonably refuse to provide those goods or services at prices consistent with those Rates; or

(ii) are silent to the applicable price for the particular goods or services contemplated in the change request, the price shall be negotiated between the OFA and the Supplier within a reasonable period of time;

and in any event, such change request shall not become effective until a written amendment reflecting the change has been executed by the parties.

3.08 **Work Volumes**

The Supplier acknowledges that it is providing the Deliverables to OFA on a non-exclusive basis. OFA makes no representation regarding the volume of goods and services required under the Agreement. OFA reserves the right to contract with other parties for the same or similar goods and services as those provided by the Supplier and reserves the right to obtain the same or similar goods and services internally or to not acquire such services from the Supplier.

3.09 **Performance by Specified Individuals Only**

The Supplier agrees that to the extent that specific individuals are named in Schedule 1 (Proposal) as being responsible for the provision of the Deliverables, only those individuals shall provide the Deliverables under the Agreement. The Supplier shall not replace or substitute any of the individuals named in Schedule 1 (Proposal) without the prior written approval of OFA, which may not arbitrarily or unreasonably be withheld. Should the Supplier require the substitution or replacement of any of the individuals named in Schedule 1 (Proposal), it is understood and agreed that any proposed replacement must possess similar or greater qualifications than the individual named in Schedule 1 (Proposal). The Supplier shall not claim fees for any replacement individual greater than the Rates established under Schedule 1 (Proposal). The Supplier shall replace any of its personnel if they are unacceptable to OFA because of security risk, incompetence, conflict of interest, breach of confidentiality or improper conduct upon receiving written notice from OFA.

3.10 **Facility Rules**

Should the Supplier be required to attend on OFA or Provincial property, the Supplier shall obey all fire, safety and other applicable rules of the facility. All damage to an OFA or Provincial facility and/or equipment, or any mishaps or accidents involving OFA and/or Provincial personnel, facilities and/or equipment shall be reported immediately to the OFA Representative.

3.11 **OFA Rights and Remedies and Supplier Obligations Not Limited to Agreement**

The express rights and remedies of OFA and obligations of the Supplier set out in the Agreement are in addition to and shall not limit any other rights and remedies available to OFA or any other obligations of the Supplier at law or in equity.

ARTICLE 4 - PAYMENT FOR PERFORMANCE

4.01 **Payment of Rates Including Approved Disbursements and Expenses**

OFA shall, subject to the Supplier's compliance with the provisions of the Agreement, pay the Supplier for the Deliverables provided at the Rates established under the Agreement. All disbursements or expenses shall be reasonable and air travel and accommodation expenses be approved in advance by the OFA, acting reasonably.

4.02 **Default Billing and Payment Process**
Unless the parties expressly set out an alternative billing and payment process in Schedule 1, the following process shall govern:

(a) the Supplier shall provide the OFA with a monthly billing statement no later than ten (10) Business Days after the end of each month and that billing statement shall include (i) the reference number assigned to the Agreement by the OFA; (ii) a brief description of the Deliverables provided for the relevant month; and (iii) any disbursements, expenses or taxes, if payable by OFA, identified as separate items;

(b) the OFA shall approve or reject the billing statement within fifteen (15) Business Days and in the event that the OFA rejects the billing statement, it shall so advise the Supplier promptly in writing and the Supplier shall provide additional information as required by the OFA to substantiate the billing statement; and

(c) each billing statement must be approved by the OFA before any payment is released and payment shall be made within thirty (30) Business Days of such approval;

and any subparagraph set out above that is not expressly replaced in Schedule 1 with an alternative provision shall remain in full force and effect.

4.03 **Hold Back or Set Off**
OFA may hold back payment or set off against payment if, in the opinion of the OFA acting reasonably, the Supplier has failed to comply with any requirements of the Agreement.

4.04 **Additional Charges**
There shall be no other charges payable by OFA under the Agreement to the Supplier other than the Rates established under the Agreement.

4.05 **Payment of Taxes and Duties**
Unless otherwise stated, the Supplier shall pay all applicable taxes, including excise taxes incurred by or on the Supplier's behalf with respect to the Agreement.

4.06 **OFA GST Exempt**
The OFA hereby certifies that the Deliverables are required for the use of the Crown and are therefore not subject to the federal Goods and Services Tax.

4.07 **Document Retention and Audit**
For seven (7) years after the expiration of the Term the Supplier shall maintain all necessary records to substantiate (a) all charges and payments under the Agreement and (b) that the Deliverables were provided in accordance with the Agreement and with Requirements of Law. During the Term, and for seven (7) years after the end of the Term, the Supplier shall permit and assist OFA in conducting audits of the operations of the Supplier to verify (a) and (b) above. OFA shall provide the Supplier with at least ten (10) Business Days prior notice of its requirement for such audit.

The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 5 - CONFIDENTIALITY AND FIPPA

5.01 **Confidentiality and Promotion Restrictions**
Any publicity or publications related to the Agreement shall be at the sole discretion of the OFA. The OFA may, in its sole discretion, acknowledge the Deliverables provided by the Supplier in any such publicity or publication. The Supplier shall not make use of its association with the OFA without the prior written consent of the OFA. Without limiting the generality of this paragraph, the Supplier shall not, among other things, at any time directly or indirectly communicate with the media in relation to the Agreement unless it has first obtained the express written authorization to do so by the OFA.

5.02 **OFA, OPG, and the Government Confidential Information**

During and following the Term, the Supplier shall (a) keep all Confidential Information confidential and secure; (b) limit the disclosure of Confidential Information to only (i) those employees who have a need to know it and who have been specifically authorized to have such disclosure (ii) and to the other suppliers that have been retained subject to similar confidentiality obligations by OFA and identified by OFA to the Supplier for the sole purpose of providing to OFA or assisting the Supplier in providing to OFA the Deliverables pursuant to the Agreement and then only to the extent they need to know the Confidential Information for such purpose; (c) not directly or indirectly disclose, destroy, exploit or use any Confidential Information (except for the purpose of providing the Deliverables, or except if required by order of a court or tribunal), without first obtaining: (i) the written consent of OFA and (ii) in respect of any Confidential Information about any third-party, the written consent of such third-party; (d) provide Confidential Information to OFA on demand; and (e) deliver all Confidential Information to OFA before the termination or expiry of the Term, with no copy or portion kept by the Supplier, except that the Supplier may retain one copy for due diligence defence purposes, which copy shall be held securely and in accordance with the terms of this Agreement.

5.03 **Restrictions on Copying**

The Supplier shall not copy any Confidential Information, in whole or in part, unless copying is essential for the provision of the Deliverables. On each copy made by the Supplier, the Supplier must reproduce all notices which appear on the original.

5.04 **Injunctive and Other Relief**

The Supplier acknowledges that breach of any provisions of this Article may cause irreparable harm to OFA, the Province or to any third-party to whom OFA owes a duty of confidence, and that the injury to OFA, the Province or to any third-party may be difficult to calculate and inadequately compensable in damages. The Supplier agrees that each of OFA and the Province is entitled to obtain injunctive relief (without proving any damage sustained by it or by any third-party) or any other remedy against any actual or potential breach of the provisions of this Article.

5.05 **Notice and Protective Order**

If the Supplier or any of its directors, officers, employees, agents, representatives or advisors become legally compelled to disclose any Confidential Information, the Supplier will provide OFA with prompt notice to that effect in order to allow OFA or the Province, as the case may be, to seek one or more protective orders or other appropriate remedies to prevent or limit such disclosure, and it shall co-operate with OFA and the Province and their respective legal counsel to the fullest extent. If such protective orders or other remedies are not obtained, the Supplier will disclose only that portion of Confidential Information which the Supplier is legally compelled to disclose, only to such person or persons to which the Supplier is legally compelled to disclose, and the Supplier shall provide notice to each such recipient (in co-operation with legal counsel for OFA or the Province, as the case may be) that such Confidential Information is confidential and subject to non-disclosure on terms and conditions equal to those contained in the Agreement and, if possible, shall obtain each recipient's written agreement to receive and use such Confidential Information subject to those terms and conditions.

5.06 **Notification of Confidentiality Provisions**

The Supplier shall notify each of its partners, employees, directors, and officers and subcontractors who have access to any of the Confidential Information ("the Notified Parties") of the obligations contained in the Agreement with respect to the confidentiality of the Confidential Information and the restrictions on disclosure and use of the Confidential Information. The Supplier has advised or will advise, as the case may be, the Notified Parties of their obligations concerning the confidentiality of the Confidential Information and shall obtain the agreement of each of the Notified Parties to abide by the terms and conditions of the Agreement. The Supplier agrees to enforce such obligations to the extent required to prevent unauthorised disclosure of Confidential Information and to prevent any partner, employee, director, or officer (the "Representatives") from making unauthorised use of Confidential Information. The Supplier agrees to be responsible for any breach of confidentiality by any of the Representatives and agrees to indemnify OFA and the Province and OPG for all damages, costs, expenses, losses, claims or actions arising from any failure by the Supplier or any of the Representatives to comply with the confidentiality obligations in the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

5.07 **FIPPA Records and Compliance**
The Supplier and OFA acknowledge and agree that FIPPA applies to and governs all Records and may require the disclosure of such Records to third parties. Furthermore, the Supplier agrees:

(a) to keep Records secure;

(b) to provide Records to OFA within five (5) Business Days of being directed to do so by OFA for any reason including an access request or privacy issue;

(c) not to access any Personal Information unless OFA determines, in its sole discretion, that access is permitted under FIPPA and is necessary in order to provide the Deliverables;

(d) not to directly or indirectly use, collect, disclose or destroy any Personal Information for any purposes that are not authorized by OFA;

(e) to ensure the security and integrity of Personal Information and keep it in a physically secure and separate location safe from loss, alteration, destruction or intermingling with other records and databases and to implement, use and maintain the most appropriate products, tools, measures and procedures to do so;

(f) to restrict access to Personal Information to those of its employees who have a need to know it and who have been specifically authorized to have such access for the purpose of providing the Deliverables;

(g) to implement other specific security measures that in the reasonable opinion of OFA would improve the adequacy and effectiveness of the Supplier's measures to ensure the security and integrity of Personal Information and Records generally; and

(h) that any confidential information supplied to OFA or the Province may be disclosed by OFA or the Province where it is obligated to do so under FIPPA, by an order of a court or tribunal or pursuant to a legal proceeding.

5.08 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 6 – INTELLECTUAL PROPERTY

6.01 **OFA Intellectual Property**
The Supplier agrees that all Intellectual Property and every other right, title and interest in and to all concepts, techniques, ideas, information and materials, however recorded, (including images and data) provided by OFA or the Province to the Supplier shall remain the sole property of OFA or the Province, as the case may be, at all times.

6.02 **No Use of Insignia**
The Supplier shall not use any insignia or logo of OFA or the Province.

6.03 **Ownership of Intellectual Property**
OFA on behalf of the Province shall be the sole owner of any Newly Created Intellectual Property. The Supplier irrevocably assigns to and in favour of OFA and OFA accepts every right, title and interest in and to all Newly Created Intellectual Property in the Deliverables, immediately following the creation thereof, for all time. OFA grants to the Province a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, the Newly Created Intellectual Property in the Deliverables (b) to use, execute, make, have made, have used, display, distribute perform, reproduce and prepare, in any form, Derivative Work based on the Newly Created Intellectual Property in the Deliverables and (c) to practise and have practised any process or method (or both) associated with such Derivative Work;

To the extent that any of the Deliverables include, in whole or in part, the Supplier's Intellectual Property, the Supplier grants to OFA and the Province a licence to use that Supplier Intellectual

Property in the manner contemplated in this Article, the total consideration for which shall be payment of the Rates on the terms and to the Supplier by OFA.

6.04 **Presumption Governing Ownership**

The presumption governing the Agreement shall be that OFA on behalf of the Province shall be the sole owner of any Intellectual Property in any form contained in any of the Deliverables. If the Supplier's Intellectual Property forms any part of the Deliverables, the Supplier shall notify OFA of such prior to the delivery of the particular Deliverable containing any such Supplier Intellectual Property. In the absence of any such notice the presumption shall remain that OFA is the sole owner of any Intellectual Property contained in the Deliverables.

6.05 **Supplier's Grant of Licence**

For those parts of the Deliverables that are Supplier Intellectual Property, the Supplier grants to OFA and the Province, a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, copies of those Deliverables and to practice and have practised any process or method (or both) associated with such Deliverables; and (b) to use, execute, make, have made, have used, display, distribute, perform, reproduce and prepare, in any form, Derivative Work based on those Deliverables and to practise and have practised any process or method (or both) associated with such Derivative Work; and (c) authorize other Persons including agents, contractors or sub-contractors to do any of the former on behalf of OFA or the Province, provided that the OFA and the Province shall be entitled to use and authorize other Persons to use the Supplier Intellectual Property for the purposes of the Province only and not for resale or other commercial exploitation thereof.

6.06 **No Restrictive Material in Deliverables**

The Supplier waives, and shall not incorporate into any Deliverables anything that would restrict the right of OFA or the Province to modify, further develop or otherwise use the Deliverables in any way that OFA or the Province deems necessary, or that would prevent OFA or the Province from entering into any contract with any contractor other than the Supplier for the modification, further development of or other use of the Deliverables. However, to the extent that any of the Deliverables constitutes any professional opinion, judgement or financial advice of the Supplier, the preceding sentence will not restrict or prevent the Supplier from addressing such opinions, judgements and financial advice solely to the OFA and the Province or from including customary assumptions, qualifications and limitations respecting reliance by parties other than the Indemnified Parties in such Deliverables.

6.07 **Supplier Representation and Warranty Regarding Third-Party Intellectual Property**

The Supplier represents and warrants that the provision of the Deliverables shall not infringe or induce the infringement of any Third-Party Intellectual Property rights. The Supplier further represents and warrants that it has obtained assurances with respect to any Third-Party Intellectual Property that any rights of integrity or any other moral rights associated therewith have been waived.

6.08 **Moral Rights**

The Supplier shall obtain waivers of all rights of integrity and any other moral rights in relation to the Deliverables from its employees, volunteers, agents and subcontractors and from any other party in the position to assert such rights in relation to any of the Deliverables, which waivers may be invoked without restriction by any person authorized by OFA or the Province to use the Deliverables.

6.09 **Copyright Notice**

The Supplier shall place a copyright notice in the following form on all recorded Deliverables it provides to OFA:

"© Queen's Printer for Ontario, 2004"

6.10 **Further Assurances Regarding Copyright**

At the request of OFA, at any time or from time to time, the Supplier shall execute and agrees to cause anyone in the position to assert rights of integrity or any other moral right (including its employees, volunteers, agents and subcontractors) to execute a written assignment of copyright and waiver of moral rights in the applicable Deliverable to the OFA in the forms set out in Schedule 2. The Supplier shall assist OFA in preparing any Canadian copyright registration that OFA considers appropriate. The Supplier will obtain or execute any other document reasonably required by OFA to protect the Intellectual Property of OFA.

6.11 **OFA May Prescribe Further Compliance**
OFA reserves the right to prescribe the specific manner in which the Supplier shall perform its obligations relating to this Article.

6.12 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 7 – CONFLICT OF INTEREST

7.01 The Supplier acknowledges it owes the OFA and the Province of Ontario a duty to promote the interests of OFA and the Province of Ontario in carrying out the Services. The overriding obligation the Supplier is to avoid actual or perceived conflicts between its private interests and those of OFA and the Province (including OFA and OEFC).

7.02 The Supplier shall not, in its provision of the Deliverables, engage in any activity, business or undertaking, whether as Supplier or otherwise, that could create a conflict of interest or potential conflict of interest. Included in the prohibitions on the Supplier are the following:

(a) engaging in any activity, business or undertaking that may conflict or be perceived as conflicting with the performance by the Supplier of the duties and obligations under this Agreement;

(b) directly or indirectly benefiting from any activity related to this Agreement otherwise than as specifically contemplated by this Agreement;

(c) circumstances where the supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

7.03 If required by the OFA for the purpose of complying with section 7.02 , the Supplier agrees to:

(a) file with the OFA a Plan to Prevent Conflict of Interest in respect of any particular actual or potential conflict of interest;

(b) file and cause its partners, directors, officers or employees who are providing the Services under this Agreement to file with the OFA declarations disclosing their interests in a manner equivalent to that set out in Section 13 of O.Reg 435/97 and their personal relationships (if any) with the firms and named individuals employed by or affiliated with OPG or any OEB licensed wholesale or retail electricity market participant in Ontario; and

(c) cause its partners, directors, officers or employees who are providing the Deliverables under this Agreement to execute confidentiality undertakings and provide copies to the OFA.

Upon the occurrence of any change in circumstance that renders any certificate or information filed or provided by the Supplier either incorrect or incomplete, the Supplier shall forthwith notify the OFA as set out in this Article of the change in circumstance in detail.

7.04 If any activities or prior activities of the Supplier could constitute an actual or potential conflict of interest in respect of this Agreement, the Supplier shall without delay make full, true and plain disclosure to the OFA of all relevant information about the particular activity, business or undertaking in question to the satisfaction of the OFA or its agent and abide by the decision of the OFA.

7.05 Upon any disclosure made by a Supplier or any other person in relation to the activities of the Supplier, of any activity, business or undertaking that could create a conflict of interest in respect of this Agreement, the OFA may, in its sole discretion:

(a) require that the Supplier:
  (i) deliver further and detailed particulars of the activity, business or undertaking;
  (ii) elect between the continuation of the Agreement and the continuation of the activity, business or undertaking concerned; and/or

(iii) institute measures which in the opinion of the OFA eliminate, resolve, isolate, diminish or nullify any perceived conflict of interest;

(b) terminate the Agreement effective upon written notice to such effect, and/or

(c) take such other steps as may be necessary to address the conflict including the institution of proceedings.

Where the OFA recommends that the Supplier take certain action, or refrain from taking certain action, the Supplier shall abide by the recommendation. The Supplier's failure to do so may result in the termination of the Supplier's Agreement in the sole discretion of the OFA.

7.06 Information disclosed by the Supplier to the OFA as contemplated under section 7.05 is confidential and shall not be disclosed to any person, except:

(a) on the consent of all parties;
(b) as required by law or by the order of a tribunal or court;
(c) such persons, if any, as the Supplier or the OFA may consult in respect of the conflict of interest; or
(d) in any proceedings between the OFA and the Supplier for breach of obligations under Article 7.

ARTICLE 8 – INDEMNITY AND INSURANCE

8.01 **Supplier Indemnity**
The Supplier hereby agrees to indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings, (collectively, "Claims"), by whomever made, sustained, brought or prosecuted, including for third party bodily injury (including death), personal injury and property damage arising from the negligence, errors, omissions or wilful misconduct of the Supplier, its subcontractors or their respective directors, partners, officers, agents, employees or independent contractors in the course of performance of the Supplier's obligations under, or otherwise in connection with, the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

8.02 **Supplier's Insurance**
The Supplier shall maintain errors & omissions liability insurance (external coverage and/or self-insured coverage), insuring liability for errors and omissions in the performance or failure to perform the services contemplated in this agreement, in the amount not less than $5,000,000 per claim and in the annual aggregate.

8.03 **Supplier Participation in Proceedings**
The Supplier shall, at its expense, to the extent requested by OFA or the Province participate in or conduct the defence of any Claim against any Indemnified Parties referred to in this Article and any negotiations for their settlement. OFA or the Province may elect to participate in or conduct the defence of any such Claim by notifying the Supplier in writing of such election without prejudice to any other rights or remedies of OFA or the Province under the Agreement, at law or in equity. Each party participating in the defence shall do so by actively participating with the other's counsel. No settlement shall be entered into by the Supplier unless it has obtained the prior written approval of OFA or the Province, as the case may be. If the Supplier is requested by OFA or the Province to participate in or conduct the defence of any such Claim, OFA or the Province agrees to co-operate with and assist the Supplier to the fullest extent possible in the Claim and any related settlement negotiations. If OFA or the Province conducts the defence of any such Claim, the Supplier agrees to co-operate with and assist OFA or the Province to the fullest extent possible in the Claim and any related settlement negotiations; provided that no settlement of such Claim shall be entered into by any Indemnified Party unless it has obtained the prior written consent of the Supplier, such consent not to be unreasonably withheld.

8.04 The provisions of this Article survive the termination or expiry of the Agreement.

ARTICLE 9 – TERMINATION, EXPIRY AND EXTENSION

9.01 **Immediate Termination of Agreement**
OFA may immediately terminate the Agreement upon giving notice to the Supplier where:

(a) the Supplier is adjudged bankrupt, is insolvent, makes a general assignment for the benefit of its creditors or a receiver, liquidator or similar official is appointed on account of the Supplier's insolvency;

(b) the Supplier breaches any provision in Article 5 (Confidentiality and FIPPA) of the Agreement;

(c) the Supplier breaches any provision in Article 7 (Conflict of Interest) of the Agreement;

(d) the Supplier, prior to or after executing the Agreement, makes a material misrepresentation or omission or provides materially inaccurate information to OFA;

(e) the Supplier undergoes a change in control which, in the sole opinion of OFA, adversely affects the Supplier's ability to satisfy some or all of its obligations under the Agreement;

(f) the Supplier subcontracts for the provision of part or all of the Deliverables or assigns the Agreement without first obtaining the written approval of OFA; or

(g) the Supplier's acts or omissions constitute a substantial failure of performance;

and the above rights of termination are in addition to all other rights of termination available at law, or events of termination by operation of law.

9.02 **Dispute Resolution by Rectification Notice**
Subject to section 9.01, where the Supplier fails to comply with any of its obligations under the Agreement, OFA may issue a rectification notice to the Supplier setting out the manner and timeframe for rectification. Within seven (7) Business Days of receipt of that notice the Supplier shall either (a) comply with that rectification notice; or (b) provide a rectification plan satisfactory to OFA. If the Supplier fails to either comply with that rectification notice or provide a satisfactory rectification plan, OFA may immediately terminate the Agreement. Where the Supplier has been given a prior rectification notice, the same subsequent type of non-compliance by the Supplier shall allow OFA to immediately terminate the Agreement.

9.03 **Termination on Notice**
OFA reserves the right to terminate the Agreement, without cause, upon five (5) days written notice with or without cause.

9.04 **Termination for Non-Appropriation**
If this Agreement extends into a Fiscal Year subsequent to its execution, continuation of the Agreement is conditional upon an appropriation of moneys by the Legislature of Ontario (the "Legislature") sufficient to satisfy payments due under the Agreement. In the event that such moneys are not available as a result of: (i) non-appropriation by the Legislature for the Fiscal Year in which payment becomes due; and (ii) the payment being neither charged nor chargeable to an appropriation of the Legislature for a previous Fiscal Year, the OFA may terminate the Agreement upon giving notice to the Supplier and such termination shall be effective on the date of the beginning of the first Fiscal Year for which funds have not been appropriated.

9.05 **Supplier's Obligations on Termination**
The Supplier shall, in addition to its other obligations under the Agreement and at law:

(a) provide OFA with a report detailing (i) the current state of the provision of Deliverables by the Supplier at the date of termination; and (ii) any other information requested by OFA pertaining to the provision of the Deliverables and performance of the Agreement;

(b) execute such documentation as may be required by OFA to give effect to the termination of the Agreement;

(c) comply with any other instructions provided by OFA, including but not limited to instructions for facilitating the transfer of its obligations to another Person; and

(d) return or destroy Confidential Information under secure conditions, as requested by the OFA and provide a certificate of an officer of the Supplier confirming that all Confidential Information has been returned or destroyed, subject to the right to retain one copy as set out in Section 5.02.

9.06 **Supplier's Payment Upon Termination**
OFA shall only be responsible for the payment of the Deliverables provided under the Agreement up to and including the effective date of any termination. Termination shall not relieve the Supplier of its warranties and other responsibilities relating to the Deliverables performed or money paid. In addition to its other rights of hold back or set off, OFA may hold back payment or set off against any payments owed if the Supplier fails to comply with its obligations on termination.

9.07 **Termination in Addition to Other Rights**
The express rights of termination in the Agreement are in addition to and shall in no way limit any rights or remedies of OFA under the Agreement, at law or in equity

9.08 **Expiry of Agreement**
The Agreement shall expire at the end of the Term.

9.09 The provisions of this Article survive the termination or expiry of the Agreement.

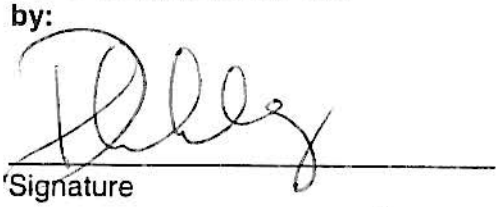
IN WITNESS WHEREOF the parties hereto have executed the Agreement effective as of the date first above written.

Ontario Financing Authority
by:

Signature

Name: Gadi Mayman
Title: Chief Executive Officer
Date of Signature: August 30, 2004

CIBC World Markets Inc.
by:



Signature

Name: Don Munkley
Title: Vice Chairman and Head of Power & Utility
Date of Signature: Aug. 30, 2004

I have authority to bind the Supplier.

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

~~[~~ONTARIO FINANCING AUTHORITY~~][NTD: WHO WILL BE THE CONTRACTING PARTY?]~~
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving ~~an [informal][NTD: Need to consider scope of retainer]~~ ~~assessment/~~advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 ~~Canadian~~ and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]** by or on behalf of ~~[~~**OFA**~~]~~ ~~[or Her Majesty in right of Ontario (the "Province")]~~ for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of ~~[~~**OFA**~~]~~, which consent may be withheld in ~~[~~**OFA**~~]~~**'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

   (a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the ~~[~~**OFA**~~]~~ are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by ~~[~~**OFA**~~]~~ to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of ~~[~~**OFA**~~]~~ and/or the Province ~~[NTD: Could it also be information of OPG?]~~ and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and ~~[~~**OFA**~~]~~ regarding the Project identified therein, and to provide advice and/or further information to ~~[~~**OFA**~~]~~ in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, ~~,~~ ~~,~~directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,~~,~~ directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. Prior to commencing work, ~~T~~the Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners,~~,~~ directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

~~8. **Retention, Return or Destruction of Project Information**~~

~~[Suggest we do not include this unless requested to.]~~

~~**Adviser/Dealer]** shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.~~

~~9~~8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the ~~[~~**OFA**~~]~~ **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the ~~[~~**OFA**~~]~~ and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, ~~,~~ director or officer, shall be reported to the ~~[~~**OFA**~~]~~ by **[Adviser/Dealer]**.

~~9~~10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

10~~1~~. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that ~~[~~**OFA**~~]~~ is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by ~~[~~**OFA**~~]~~ under this Agreement, **[Adviser/Dealer]** will cooperate with ~~[~~**OFA**~~]~~ in identifying records responsive to the request and responding to it in a timely manner.

11~~2~~. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.

The obligations of **[Adviser/Dealer]** after the return to ~~[~~**OFA**~~]~~ of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify ~~[~~**OFA**~~]~~ of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will provide the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

~~[Insert contact details]~~Mr. Michael Manning
Executive Director
Ontario Financing Authority
One Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7
Canada

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(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

12~~3~~. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

13~~4~~. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

~~[~~ONTARIO FINANCING AUTHORITY~~]~~
by:

_____
Name: Michael Manning
Title: Executive Director

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[ADVISER/DEALER]
by:

_____
Name:
Title:
I have the authority to bind the company.

From: Kelly Listoe
To: Sarah Harris
Subject: FW: NDA Agreement
Date: Monday, April 03, 2017 1:11:52 PM
Attachments: GA NDA April 3.doc
Sample Advisory Agreement.PDF
GA NDA April 3(1).doc

Hi Sarah

I have edited Toby's draft and attached it. I think Carlos' previous answers shed light on some of the items raised. It looks to me to be a bit more straightforward than the situation with OPG and CIBC, etc giving rise to the FAS agreement, so not sure that is needed after all.

Bullet 1 seems to be answered by "to provide advice on the structure of financing alternatives for the special purpose vehicle"

We could confirm again with Carlos/ Mike who is receiving the advice. I left it as the OFA based on his previous response.

For potential conflicts within the advisor, I know they all have their own Chinese Walls in place.

Kelly

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 11:58 AM
To: Kelly Listoe ; Opal Kandelas ; Sarah Harris
Cc: Malle Hanslep (MOF)
Subject: NDA Agreement

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.

Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.

We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

[ONTARIO FINANCING AUTHORITY][NTD: WHO WILL BE THE CONTRACTING PARTY?]
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving an [**informal][NTD: Need to consider scope of retainer]** assessment/advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 Canadian and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]**by or on behalf of [**OFA]** [or Her Majesty in right of Ontario (the "Province")] for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of **[OFA]**, which consent may be withheld in [**OFA]'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

(a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the **[OFA]** are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by **[OFA]** to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of **[OFA]** and/or the Province [NTD: Could it also be information of OPG?] and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and **[OFA]** regarding the Project identified therein, and to provide advice and/or further information to **[OFA]** in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, , directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,, directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. The Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners, , directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

8. **Retention, Return or Destruction of Project Information**

[Suggest we do not include this unless requested to.]

Adviser/Dealer] shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.

9. **Breach**

[Adviser/Dealer] acknowledges that breach of any provision of this Agreement will result in immediate and irreparable harm to **[OFA] and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach **[OFA]** and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, , director or officer, shall be reported to **[OFA]** by **[Adviser/Dealer]**.

10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

11. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that **[OFA]** is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by **[OFA]** under this Agreement, **[Adviser/Dealer]** will cooperate with **[OFA]** in identifying records responsive to the request and responding to it in a timely manner.

12. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.
The obligations of **[Adviser/Dealer]** after the return to **[OFA]** of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify **[OFA]** of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

[Insert contact details]

(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

13. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

14. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

[ONTARIO FINANCING AUTHORITY]
by:

_____

Name: ●
Title: ●

[ADVISER/DEALER]
by:

_____

Name:
Title:
I have the authority to bind the company.

FINANCIAL ADVISORY SERVICES

AGREEMENT

THIS AGREEMENT ("the Agreement"), made in duplicate, for Financial Advisory Services is effective as of the **16th of August, 2004.**

BETWEEN:

Ontario Financing Authority

(referred to as "OFA")

AND:

CIBC World Markets Inc.

(referred to as the "Supplier")

In consideration of their respective agreements set out below, the parties covenant and agree as follows:

ARTICLE 1 – INTERPRETATION AND GENERAL PROVISIONS

1.01 **Defined Terms**

When used in the Agreement, the following words or expressions have the following meanings:

"Authority" means any government authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Agreement; and **"Authorities"** means all such authorities, agencies, bodies and departments;

"**Business Day**" means 8:00 a.m. to 5:00 p.m. any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year's Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day which the OFA has elected to be closed for business;

"Confidential Information" means all information of the Province (including the OFA and OEFC) and OPG that is of a confidential nature, including all confidential information in the custody or control of OFA, the Province and OPG, regardless of whether it is identified as confidential or not, and whether recorded or not, and however fixed, stored, expressed or embodied, which comes into the knowledge, possession or control of the Supplier in connection with the Agreement. For the purposes or greater certainty, Confidential Information shall:

(a) include: (i) all new information derived at any time from any such information whether created by OFA, the Province or OPG, the Supplier or any third-party; (ii) all information (including Personal Information) that OFA, the Province and OPG is obliged, or has the discretion, not to disclose under provincial or federal legislation; (iii) the fact that Confidential Information has been made available to the Supplier; (iv) the Deliverables;

(b) not include information that: (i) is or becomes generally available to the public without fault or breach on the part of the Supplier of any duty of confidentiality owed by the Supplier to OFA, the Province or OPG or to any third-party; (ii) the Supplier can demonstrate to have been rightfully obtained by the Supplier, without any obligation of confidence, from a third-party who had the right to transfer or disclose it to the Supplier free of any obligation of confidence; (iii) the Supplier can demonstrate to have been rightfully known to or in the possession of the Supplier at the time of disclosure, free of any obligation of confidence when disclosed; or (iv) is independently developed by the Supplier; but the exclusions in this subparagraph shall in no way limit the meaning of Personal Information or the obligations attaching thereto under the Agreement or at law;

"**Conflict of Interest**" includes, but is not limited to, any situation or circumstance where:

(a) in relation to the RFP process, the proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) having or having access to information in the preparation of its Proposal that is confidential to the OFA and not available to other proponents; (ii) communicating with any person with a view to influencing preferred treatment in the RFP process; or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the competitive RFP process and render that process non-competitive and unfair; or;

(b) in relation to the performance of its contractual obligations in this Agreement, the Supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

"Deliverables" means everything developed for or provided to the OFA in the course of performing under the Agreement or agreed to be provided to the OFA under the Agreement, by the Supplier or its partners, employees, volunteers, agents or subcontractors, as further defined, but not limited by Schedule 1, including but not limited to any goods or services or any and all Intellectual Property and any and all concepts, techniques, ideas, information, documentation and other materials, however recorded, developed or provided;

"Derivative Work" means a work based on the Supplier's Intellectual Property including, without limitation, an adaptation, modification, translation, expansion, condensation or transformation, that if prepared without authorization, would constitute copyright infringement or infringement of any other Intellectual Property right;

"FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended.

"Fiscal Year" means the period running from April 1 in one calendar year to, and including, March 31 in the next calendar year.

"Government" means the Government of Ontario;

"Indemnified Parties" means OFA, directors, appointees and employees of the OFA, and Her Majesty the Queen in right of Ontario, her Ministers, appointees and employees;

"Industry Standards" include, but are not limited to (a) the provision of any and all labour, supplies, equipment and other goods or services that are necessary and can reasonably be understood or inferred to be included within the scope of the Agreement or customarily furnished by Persons providing Deliverables of the type provided hereunder in similar situations in Ontario and; (b) adherence to commonly accepted norms of ethical business practices, which shall include the Supplier establishing, and ensuring adherence to, precautions to prevent its employees or agents from providing or offering gifts or hospitality of greater than nominal value to any person acting on behalf of or employed by OFA and the Province.

"Intellectual Property" means any intellectual, industrial or other proprietary right of any type in any form protected or protectable under the laws of Canada, any foreign country, or any political subdivision of any country, including, without limitation, any intellectual, industrial or proprietary rights protected or protectable by legislation, by common law or at equity;

"Newly Created Intellectual Property" means any Intellectual Property created by the Supplier in the course of performance of its obligations under the Agreement;

"OFA" means Ontario Financing Authority;

"OFA Address" means 1 Dundas Street West, Suite 1400, Toronto, Ontario, M7A 1Y7;

"OFA Representative" means Chief Executive Officer (CEO), OFA;

"OPG" means Ontario Power Generation Inc. and its subsidiaries;

"Person" if the context allows, includes any persons, firms, partnerships or corporations or any combination thereof;

"Personal Information" has the same definition as in subsection 2(1) of FIPPA, that is, recorded information about an identifiable individual or that may identify an individual and includes all such information obtained by the Supplier from the OFA or the Province or OPG or their respective agents or created by the Supplier pursuant to the Agreement;

"Proceeding" means any action, claim, demand, lawsuit, or other proceeding;

"Proposal" means all the documentation submitted by the Supplier in response to the Request for Proposal;

"Province" means Her Majesty the Queen in right of Ontario including any ministries and agencies of the Province including OEFC and OFA and "Provincial" has a corresponding meaning;

"Rates" means the applicable price, in Canadian funds, to be charged for the applicable Deliverables, as set out in Schedule 1, representing the full amount chargeable by the Supplier for the provision of the Deliverables, including but not limited to (a) all applicable duties and taxes, including Goods and Services Tax; (b) all labour and material costs; (c) all travel and carriage costs (d) all insurance costs; and (e) all other overhead including any fees or other charges required by law;

"Record", for the purposes of the Agreement, means any recorded information, including any Personal Information, in any form: (a) provided by OFA or the Province to the Supplier, or provided by the Supplier to OFA, for the purposes of the Agreement; or (b) created by the Supplier in the performance of the Agreement for delivery or presentation to the OFA or use by the OFA;

"Requirements of Law" mean all applicable requirements, laws, statutes, codes, acts, ordinances, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorisations, directions, and agreements with all Authorities that now or at any time hereafter may be applicable to either the Agreement or the Deliverables or any part of them;

"RFP" means the Request for Proposals dated **[*insert date*]** for **[*insert name of RFP*]**, reference number **[*insert reference number*]** issued by OFA for the Deliverables and any addenda to it;

"Supplier Address" and **"Supplier Representative,"** mean:

CIBC World Markets Inc.
161 Bay Street, 6th Floor
Toronto, ON M5J 2S8
Attention: Ron Munkley
Phone No: (416) 594 7863
Facsimile No. (416) 956 6334

"Supplier's Intellectual Property" means Intellectual Property owned by the Supplier prior to its performance under the Agreement or created by the Supplier during the Term of the Agreement independently of the performance of its obligations under the Agreement;

"Term" means the period of time from the effective date first above written to the satisfactory provision of all Deliverables unless this Agreement is terminated early in accordance with the provisions of this Agreement in which case the Term shall end on the expiry or termination date, as the case may be;

"Third-Party Intellectual Property" means any Intellectual Property owned by a party other than OFA or the Province or the Supplier.

1.02 **Entire Agreement**

The Agreement, including the Schedules, embodies the entire agreement between the parties with regard to the provision of Deliverables and supersedes any prior understanding or agreement, collateral, oral or otherwise, existing between the parties at the date of execution of the Agreement.

1.03 **Severability**
If any term or condition of the Agreement, or the application thereof to the parties or to any Persons or circumstances, is to any extent invalid or unenforceable, the remainder of the Agreement, and the application of such term or condition to the parties, Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

1.04 **Interpretive Value of Documents**
In the event of a conflict or inconsistency in any provisions in the Agreement, the main body of the Agreement shall govern over the Schedules to the Agreement.

1.05 **Interpretive Value of Headings**
The headings in the Agreement are for convenience of reference only and in no manner modify, interpret or construe the Agreement.

1.06 **Force Majeure**
Neither party shall be liable for damages caused by delay or failure to perform its obligations under the Agreement where such delay or failure is caused by an event beyond its reasonable control. The parties agree that an event shall not be considered beyond one's reasonable control if a reasonable business person applying due diligence in the same or similar circumstances under the same or similar obligations as those contained in the Agreement would have put in place contingency plans to either materially mitigate or negate the effects of such event. Without limiting the generality of the foregoing, the parties agree that force majeure events shall include natural disasters and acts of war, insurrection and terrorism but shall not include shortages or delays relating to supplies or services. If a party seeks to excuse itself from its obligations under this Agreement due to a force majeure event, that party shall immediately notify the other party of the delay or non-performance, the reason for such delay or non-performance and the anticipated period of delay or non-performance. If the anticipated or actual delay or non-performance exceeds fifteen (15) Business Days, the other party may immediately terminate the Agreement by giving notice of termination and such termination shall be in addition to the other rights and remedies of the terminating party under the Agreement, at law or in equity.

1.07 **Notices**
Notices shall be in writing and shall be delivered by postage-prepaid envelope, personal delivery or facsimile and shall be addressed to, respectively, the OFA Address to the attention of the OFA Representative and to the Supplier Address to the attention of the Supplier Representative. Notices shall be deemed to have been given (a) in the case of postage-prepaid envelope, five (5) Business Days after such notice is mailed; or (b) in the case of personal delivery or facsimile one (1) Business Day after such notice is received by the other party. In the event of a postal disruption, notices must be given by personal delivery or by facsimile. Unless the parties expressly agree in writing to additional methods of notice, notices may only be provided by the methods contemplated in this paragraph.

1.08 **Governing Law**
The Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.09 **Survival**
All warranties and representations about quality, skills, qualifications and experience, the intellectual property provisions, the confidentiality provisions, the indemnity provisions, document retention and audit provisions, termination provisions, and any clauses about remedies shall remain in force after the Term of the Agreement.

ARTICLE 2 – LEGAL RELATIONSHIP BETWEEN OFA, SUPPLIER AND THIRD-PARTIES

2.01 **Supplier's Power to Contract**
The Supplier represents and warrants that it has the full right and power to enter into the Agreement and there is no agreement with any other Person which would in any way interfere with the rights of OFA under this Agreement.

2.02 **Representatives May Bind the Parties**
The parties represent that their respective representatives have the authority to legally bind them to the extent permissible by the Requirements of Law.

2.03 **Responsibility of Supplier**

The Supplier agrees that it is liable for the acts and omissions of its directors, officers, employees, agents, partners, volunteers and subcontractors. This paragraph is in addition to any and all of the Supplier's liabilities under the Agreement and under the general application of law. The Supplier shall advise these individuals and entities of its obligations under the Agreement and, without limiting the generality of the foregoing, shall take appropriate action to ensure compliance with (a) the Agreement generally and (b) with the requirements of Article 5 (Confidentiality and FIPPA) of the Agreement. In addition to any other liabilities of the Supplier pursuant to the Agreement or otherwise at law or in equity, the Supplier shall be liable for all damages, costs, expenses, losses, claims or actions arising from any breach of the Agreement resulting from the actions of the above mentioned individuals and entities.

2.04 **No Subcontracting or Assignment**

The Supplier shall not subcontract or assign the whole or any part of the Agreement or any monies due under it without the prior written consent of OFA. Such consent shall be in the sole discretion of OFA and subject to the terms and conditions that may be imposed OFA. Without limiting the generality of the conditions which OFA may require prior to consenting to the Supplier's use of a subcontractor, every contract entered into by the Supplier with a subcontractor shall adopt all of the terms and conditions of this Agreement as far as applicable to those parts of the Deliverables provided by the subcontractor. Nothing contained in the Agreement shall create a contractual relationship between any subcontractor or its employees and OFA.

2.05 **Duty to Disclose Change of Control**

In the event that the Supplier undergoes a change in control the Supplier shall immediately disclose such change in control to OFA and shall comply with any terms and conditions subsequently prescribed by OFA resulting from the disclosure.

2.06 **Agreement Binding**

The Agreement shall enure to the benefit of and be binding upon the parties and their successors, executors, administrators and their permitted assigns.

ARTICLE 3 - PERFORMANCE BY SUPPLIER

3.01 **Commencement of Performance**

The Supplier shall commence performance upon receipt of instructions and advice from OFA.

3.02 **Performance Warranty**

The Supplier hereby represents and warrants that the Deliverables shall be provided fully and diligently in a professional and competent manner by persons qualified and skilled in their occupations and furthermore that all Deliverables will be provided in accordance with (a) the Agreement; (b) Industry Standards; and (c) Requirements of Law. If any of the Deliverables, in the opinion of OFA, are inadequately provided or require corrections, the Supplier shall forthwith make the necessary corrections at its own expense as specified by OFA in a rectification notice.

3.03 **Notification by Supplier to OFA**

During the Term, the Supplier shall notify OFA promptly of (a) any contradictions, discrepancies or errors found or noted in the Agreement; (b) supplementary details, instructions or directions that do not correspond with those contained in the Agreement; and (c) any omissions or other faults that become evident and should be corrected in order to provide the Deliverables in accordance with the Agreement and Requirements of Law.

3.04 **Condonation Not a Waiver**

Any failure by OFA to insist in one or more instances upon strict performance by the Supplier of any of the terms or conditions of the Agreement shall not be construed as a waiver by OFA of its right to require strict performance of any such terms or conditions, and the obligations of the Supplier with respect to such performance shall continue in full force and effect.

3.05 **Changes By Written Amendment Only**

Any changes to the Agreement shall be by written amendment executed by the parties. No changes shall be effective or shall be carried out in the absence of such an amendment.

3.06 **Supplier to Comply With Reasonable Change Requests**

OFA may, in writing, request changes to the Agreement, which may include altering, adding to, or deleting any of the Deliverables. The Supplier shall comply with all reasonable OFA change requests and the performance of such request shall be in accordance with the terms and conditions of the Agreement. If the Supplier is unable to comply with the change request, it shall promptly notify OFA and provide reasons for such non-compliance. In any event, any such change request shall not be effective until a written amendment reflecting the change has been executed by the parties.

3.07 **Pricing for Requested Changes**

Where an OFA change request includes an increase in the scope of the previously contemplated Deliverables, OFA shall set out, in its change request, the proposed prices for the contemplated changes. Where the Rates in effect at the time of the change request:

(i) includes pricing for the type of goods or services contemplated in the change request, the Supplier shall not unreasonably refuse to provide those goods or services at prices consistent with those Rates; or

(ii) are silent to the applicable price for the particular goods or services contemplated in the change request, the price shall be negotiated between the OFA and the Supplier within a reasonable period of time;

and in any event, such change request shall not become effective until a written amendment reflecting the change has been executed by the parties.

3.08 **Work Volumes**

The Supplier acknowledges that it is providing the Deliverables to OFA on a non-exclusive basis. OFA makes no representation regarding the volume of goods and services required under the Agreement. OFA reserves the right to contract with other parties for the same or similar goods and services as those provided by the Supplier and reserves the right to obtain the same or similar goods and services internally or to not acquire such services from the Supplier.

3.09 **Performance by Specified Individuals Only**

The Supplier agrees that to the extent that specific individuals are named in Schedule 1 (Proposal) as being responsible for the provision of the Deliverables, only those individuals shall provide the Deliverables under the Agreement. The Supplier shall not replace or substitute any of the individuals named in Schedule 1 (Proposal) without the prior written approval of OFA, which may not arbitrarily or unreasonably be withheld. Should the Supplier require the substitution or replacement of any of the individuals named in Schedule 1 (Proposal), it is understood and agreed that any proposed replacement must possess similar or greater qualifications than the individual named in Schedule 1 (Proposal). The Supplier shall not claim fees for any replacement individual greater than the Rates established under Schedule 1 (Proposal). The Supplier shall replace any of its personnel if they are unacceptable to OFA because of security risk, incompetence, conflict of interest, breach of confidentiality or improper conduct upon receiving written notice from OFA.

3.10 **Facility Rules**

Should the Supplier be required to attend on OFA or Provincial property, the Supplier shall obey all fire, safety and other applicable rules of the facility. All damage to an OFA or Provincial facility and/or equipment, or any mishaps or accidents involving OFA and/or Provincial personnel, facilities and/or equipment shall be reported immediately to the OFA Representative.

3.11 **OFA Rights and Remedies and Supplier Obligations Not Limited to Agreement**

The express rights and remedies of OFA and obligations of the Supplier set out in the Agreement are in addition to and shall not limit any other rights and remedies available to OFA or any other obligations of the Supplier at law or in equity.

ARTICLE 4 - PAYMENT FOR PERFORMANCE

4.01 **Payment of Rates Including Approved Disbursements and Expenses**

OFA shall, subject to the Supplier's compliance with the provisions of the Agreement, pay the Supplier for the Deliverables provided at the Rates established under the Agreement. All disbursements or expenses shall be reasonable and air travel and accommodation expenses be approved in advance by the OFA, acting reasonably.

4.02 **Default Billing and Payment Process**
Unless the parties expressly set out an alternative billing and payment process in Schedule 1, the following process shall govern:

(a) the Supplier shall provide the OFA with a monthly billing statement no later than ten (10) Business Days after the end of each month and that billing statement shall include (i) the reference number assigned to the Agreement by the OFA; (ii) a brief description of the Deliverables provided for the relevant month; and (iii) any disbursements, expenses or taxes, if payable by OFA, identified as separate items;

(b) the OFA shall approve or reject the billing statement within fifteen (15) Business Days and in the event that the OFA rejects the billing statement, it shall so advise the Supplier promptly in writing and the Supplier shall provide additional information as required by the OFA to substantiate the billing statement; and

(c) each billing statement must be approved by the OFA before any payment is released and payment shall be made within thirty (30) Business Days of such approval;

and any subparagraph set out above that is not expressly replaced in Schedule 1 with an alternative provision shall remain in full force and effect.

4.03 **Hold Back or Set Off**
OFA may hold back payment or set off against payment if, in the opinion of the OFA acting reasonably, the Supplier has failed to comply with any requirements of the Agreement.

4.04 **Additional Charges**
There shall be no other charges payable by OFA under the Agreement to the Supplier other than the Rates established under the Agreement.

4.05 **Payment of Taxes and Duties**
Unless otherwise stated, the Supplier shall pay all applicable taxes, including excise taxes incurred by or on the Supplier's behalf with respect to the Agreement.

4.06 **OFA GST Exempt**
The OFA hereby certifies that the Deliverables are required for the use of the Crown and are therefore not subject to the federal Goods and Services Tax.

4.07 **Document Retention and Audit**
For seven (7) years after the expiration of the Term the Supplier shall maintain all necessary records to substantiate (a) all charges and payments under the Agreement and (b) that the Deliverables were provided in accordance with the Agreement and with Requirements of Law. During the Term, and for seven (7) years after the end of the Term, the Supplier shall permit and assist OFA in conducting audits of the operations of the Supplier to verify (a) and (b) above. OFA shall provide the Supplier with at least ten (10) Business Days prior notice of its requirement for such audit.

The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 5 - CONFIDENTIALITY AND FIPPA

5.01 **Confidentiality and Promotion Restrictions**
Any publicity or publications related to the Agreement shall be at the sole discretion of the OFA. The OFA may, in its sole discretion, acknowledge the Deliverables provided by the Supplier in any such publicity or publication. The Supplier shall not make use of its association with the OFA without the prior written consent of the OFA. Without limiting the generality of this paragraph, the Supplier shall not, among other things, at any time directly or indirectly communicate with the media in relation to the Agreement unless it has first obtained the express written authorization to do so by the OFA.

5.02 **OFA, OPG, and the Government Confidential Information**

During and following the Term, the Supplier shall (a) keep all Confidential Information confidential and secure; (b) limit the disclosure of Confidential Information to only (i) those employees who have a need to know it and who have been specifically authorized to have such disclosure (ii) and to the other suppliers that have been retained subject to similar confidentiality obligations by OFA and identified by OFA to the Supplier for the sole purpose of providing to OFA or assisting the Supplier in providing to OFA the Deliverables pursuant to the Agreement and then only to the extent they need to know the Confidential Information for such purpose; (c) not directly or indirectly disclose, destroy, exploit or use any Confidential Information (except for the purpose of providing the Deliverables, or except if required by order of a court or tribunal), without first obtaining: (i) the written consent of OFA and (ii) in respect of any Confidential Information about any third-party, the written consent of such third-party; (d) provide Confidential Information to OFA on demand; and (e) deliver all Confidential Information to OFA before the termination or expiry of the Term, with no copy or portion kept by the Supplier, except that the Supplier may retain one copy for due diligence defence purposes, which copy shall be held securely and in accordance with the terms of this Agreement.

5.03 **Restrictions on Copying**

The Supplier shall not copy any Confidential Information, in whole or in part, unless copying is essential for the provision of the Deliverables. On each copy made by the Supplier, the Supplier must reproduce all notices which appear on the original.

5.04 **Injunctive and Other Relief**

The Supplier acknowledges that breach of any provisions of this Article may cause irreparable harm to OFA, the Province or to any third-party to whom OFA owes a duty of confidence, and that the injury to OFA, the Province or to any third-party may be difficult to calculate and inadequately compensable in damages. The Supplier agrees that each of OFA and the Province is entitled to obtain injunctive relief (without proving any damage sustained by it or by any third-party) or any other remedy against any actual or potential breach of the provisions of this Article.

5.05 **Notice and Protective Order**

If the Supplier or any of its directors, officers, employees, agents, representatives or advisors become legally compelled to disclose any Confidential Information, the Supplier will provide OFA with prompt notice to that effect in order to allow OFA or the Province, as the case may be, to seek one or more protective orders or other appropriate remedies to prevent or limit such disclosure, and it shall co-operate with OFA and the Province and their respective legal counsel to the fullest extent. If such protective orders or other remedies are not obtained, the Supplier will disclose only that portion of Confidential Information which the Supplier is legally compelled to disclose, only to such person or persons to which the Supplier is legally compelled to disclose, and the Supplier shall provide notice to each such recipient (in co-operation with legal counsel for OFA or the Province, as the case may be) that such Confidential Information is confidential and subject to non-disclosure on terms and conditions equal to those contained in the Agreement and, if possible, shall obtain each recipient's written agreement to receive and use such Confidential Information subject to those terms and conditions.

5.06 **Notification of Confidentiality Provisions**

The Supplier shall notify each of its partners, employees, directors, and officers and subcontractors who have access to any of the Confidential Information ("the Notified Parties") of the obligations contained in the Agreement with respect to the confidentiality of the Confidential Information and the restrictions on disclosure and use of the Confidential Information. The Supplier has advised or will advise, as the case may be, the Notified Parties of their obligations concerning the confidentiality of the Confidential Information and shall obtain the agreement of each of the Notified Parties to abide by the terms and conditions of the Agreement. The Supplier agrees to enforce such obligations to the extent required to prevent unauthorised disclosure of Confidential Information and to prevent any partner, employee, director, or officer (the "Representatives") from making unauthorised use of Confidential Information. The Supplier agrees to be responsible for any breach of confidentiality by any of the Representatives and agrees to indemnify OFA and the Province and OPG for all damages, costs, expenses, losses, claims or actions arising from any failure by the Supplier or any of the Representatives to comply with the confidentiality obligations in the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

5.07 **FIPPA Records and Compliance**
The Supplier and OFA acknowledge and agree that FIPPA applies to and governs all Records and may require the disclosure of such Records to third parties. Furthermore, the Supplier agrees:

(a) to keep Records secure;

(b) to provide Records to OFA within five (5) Business Days of being directed to do so by OFA for any reason including an access request or privacy issue;

(c) not to access any Personal Information unless OFA determines, in its sole discretion, that access is permitted under FIPPA and is necessary in order to provide the Deliverables;

(d) not to directly or indirectly use, collect, disclose or destroy any Personal Information for any purposes that are not authorized by OFA;

(e) to ensure the security and integrity of Personal Information and keep it in a physically secure and separate location safe from loss, alteration, destruction or intermingling with other records and databases and to implement, use and maintain the most appropriate products, tools, measures and procedures to do so;

(f) to restrict access to Personal Information to those of its employees who have a need to know it and who have been specifically authorized to have such access for the purpose of providing the Deliverables;

(g) to implement other specific security measures that in the reasonable opinion of OFA would improve the adequacy and effectiveness of the Supplier's measures to ensure the security and integrity of Personal Information and Records generally; and

(h) that any confidential information supplied to OFA or the Province may be disclosed by OFA or the Province where it is obligated to do so under FIPPA, by an order of a court or tribunal or pursuant to a legal proceeding.

5.08 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 6 – INTELLECTUAL PROPERTY

6.01 **OFA Intellectual Property**
The Supplier agrees that all Intellectual Property and every other right, title and interest in and to all concepts, techniques, ideas, information and materials, however recorded, (including images and data) provided by OFA or the Province to the Supplier shall remain the sole property of OFA or the Province, as the case may be, at all times.

6.02 **No Use of Insignia**
The Supplier shall not use any insignia or logo of OFA or the Province.

6.03 **Ownership of Intellectual Property**
OFA on behalf of the Province shall be the sole owner of any Newly Created Intellectual Property. The Supplier irrevocably assigns to and in favour of OFA and OFA accepts every right, title and interest in and to all Newly Created Intellectual Property in the Deliverables, immediately following the creation thereof, for all time. OFA grants to the Province a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, the Newly Created Intellectual Property in the Deliverables (b) to use, execute, make, have made, have used, display, distribute perform, reproduce and prepare, in any form, Derivative Work based on the Newly Created Intellectual Property in the Deliverables and (c) to practise and have practised any process or method (or both) associated with such Derivative Work;

To the extent that any of the Deliverables include, in whole or in part, the Supplier's Intellectual Property, the Supplier grants to OFA and the Province a licence to use that Supplier Intellectual

Property in the manner contemplated in this Article, the total consideration for which shall be payment of the Rates on the terms and to the Supplier by OFA.

6.04 **Presumption Governing Ownership**

The presumption governing the Agreement shall be that OFA on behalf of the Province shall be the sole owner of any Intellectual Property in any form contained in any of the Deliverables. If the Supplier's Intellectual Property forms any part of the Deliverables, the Supplier shall notify OFA of such prior to the delivery of the particular Deliverable containing any such Supplier Intellectual Property. In the absence of any such notice the presumption shall remain that OFA is the sole owner of any Intellectual Property contained in the Deliverables.

6.05 **Supplier's Grant of Licence**

For those parts of the Deliverables that are Supplier Intellectual Property, the Supplier grants to OFA and the Province, a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, copies of those Deliverables and to practice and have practised any process or method (or both) associated with such Deliverables; and (b) to use, execute, make, have made, have used, display, distribute, perform, reproduce and prepare, in any form, Derivative Work based on those Deliverables and to practise and have practised any process or method (or both) associated with such Derivative Work; and (c) authorize other Persons including agents, contractors or sub-contractors to do any of the former on behalf of OFA or the Province, provided that the OFA and the Province shall be entitled to use and authorize other Persons to use the Supplier Intellectual Property for the purposes of the Province only and not for resale or other commercial exploitation thereof.

6.06 **No Restrictive Material in Deliverables**

The Supplier waives, and shall not incorporate into any Deliverables anything that would restrict the right of OFA or the Province to modify, further develop or otherwise use the Deliverables in any way that OFA or the Province deems necessary, or that would prevent OFA or the Province from entering into any contract with any contractor other than the Supplier for the modification, further development of or other use of the Deliverables. However, to the extent that any of the Deliverables constitutes any professional opinion, judgement or financial advice of the Supplier, the preceding sentence will not restrict or prevent the Supplier from addressing such opinions, judgements and financial advice solely to the OFA and the Province or from including customary assumptions, qualifications and limitations respecting reliance by parties other than the Indemnified Parties in such Deliverables.

6.07 **Supplier Representation and Warranty Regarding Third-Party Intellectual Property**

The Supplier represents and warrants that the provision of the Deliverables shall not infringe or induce the infringement of any Third-Party Intellectual Property rights. The Supplier further represents and warrants that it has obtained assurances with respect to any Third-Party Intellectual Property that any rights of integrity or any other moral rights associated therewith have been waived.

6.08 **Moral Rights**

The Supplier shall obtain waivers of all rights of integrity and any other moral rights in relation to the Deliverables from its employees, volunteers, agents and subcontractors and from any other party in the position to assert such rights in relation to any of the Deliverables, which waivers may be invoked without restriction by any person authorized by OFA or the Province to use the Deliverables.

6.09 **Copyright Notice**

The Supplier shall place a copyright notice in the following form on all recorded Deliverables it provides to OFA:

"© Queen's Printer for Ontario, 2004"

6.10 **Further Assurances Regarding Copyright**

At the request of OFA, at any time or from time to time, the Supplier shall execute and agrees to cause anyone in the position to assert rights of integrity or any other moral right (including its employees, volunteers, agents and subcontractors) to execute a written assignment of copyright and waiver of moral rights in the applicable Deliverable to the OFA in the forms set out in Schedule 2. The Supplier shall assist OFA in preparing any Canadian copyright registration that OFA considers appropriate. The Supplier will obtain or execute any other document reasonably required by OFA to protect the Intellectual Property of OFA.

6.11 **OFA May Prescribe Further Compliance**
OFA reserves the right to prescribe the specific manner in which the Supplier shall perform its obligations relating to this Article.

6.12 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 7 – CONFLICT OF INTEREST

7.01 The Supplier acknowledges it owes the OFA and the Province of Ontario a duty to promote the interests of OFA and the Province of Ontario in carrying out the Services. The overriding obligation the Supplier is to avoid actual or perceived conflicts between its private interests and those of OFA and the Province (including OFA and OEFC).

7.02 The Supplier shall not, in its provision of the Deliverables, engage in any activity, business or undertaking, whether as Supplier or otherwise, that could create a conflict of interest or potential conflict of interest. Included in the prohibitions on the Supplier are the following:

(a) engaging in any activity, business or undertaking that may conflict or be perceived as conflicting with the performance by the Supplier of the duties and obligations under this Agreement;

(b) directly or indirectly benefiting from any activity related to this Agreement otherwise than as specifically contemplated by this Agreement;

(c) circumstances where the supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

7.03 If required by the OFA for the purpose of complying with section 7.02 , the Supplier agrees to:

(a) file with the OFA a Plan to Prevent Conflict of Interest in respect of any particular actual or potential conflict of interest;

(b) file and cause its partners, directors, officers or employees who are providing the Services under this Agreement to file with the OFA declarations disclosing their interests in a manner equivalent to that set out in Section 13 of O.Reg 435/97 and their personal relationships (if any) with the firms and named individuals employed by or affiliated with OPG or any OEB licensed wholesale or retail electricity market participant in Ontario; and

(c) cause its partners, directors, officers or employees who are providing the Deliverables under this Agreement to execute confidentiality undertakings and provide copies to the OFA.

Upon the occurrence of any change in circumstance that renders any certificate or information filed or provided by the Supplier either incorrect or incomplete, the Supplier shall forthwith notify the OFA as set out in this Article of the change in circumstance in detail.

7.04 If any activities or prior activities of the Supplier could constitute an actual or potential conflict of interest in respect of this Agreement, the Supplier shall without delay make full, true and plain disclosure to the OFA of all relevant information about the particular activity, business or undertaking in question to the satisfaction of the OFA or its agent and abide by the decision of the OFA.

7.05 Upon any disclosure made by a Supplier or any other person in relation to the activities of the Supplier, of any activity, business or undertaking that could create a conflict of interest in respect of this Agreement, the OFA may, in its sole discretion:

(a) require that the Supplier:
  (i) deliver further and detailed particulars of the activity, business or undertaking;
  (ii) elect between the continuation of the Agreement and the continuation of the activity, business or undertaking concerned; and/or

(iii) institute measures which in the opinion of the OFA eliminate, resolve, isolate, diminish or nullify any perceived conflict of interest;

(b) terminate the Agreement effective upon written notice to such effect, and/or

(c) take such other steps as may be necessary to address the conflict including the institution of proceedings.

Where the OFA recommends that the Supplier take certain action, or refrain from taking certain action, the Supplier shall abide by the recommendation. The Supplier's failure to do so may result in the termination of the Supplier's Agreement in the sole discretion of the OFA.

7.06 Information disclosed by the Supplier to the OFA as contemplated under section 7.05 is confidential and shall not be disclosed to any person, except:

(a) on the consent of all parties;
(b) as required by law or by the order of a tribunal or court;
(c) such persons, if any, as the Supplier or the OFA may consult in respect of the conflict of interest; or
(d) in any proceedings between the OFA and the Supplier for breach of obligations under Article 7.

ARTICLE 8 – INDEMNITY AND INSURANCE

8.01 **Supplier Indemnity**
The Supplier hereby agrees to indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings, (collectively, "Claims"), by whomever made, sustained, brought or prosecuted, including for third party bodily injury (including death), personal injury and property damage arising from the negligence, errors, omissions or wilful misconduct of the Supplier, its subcontractors or their respective directors, partners, officers, agents, employees or independent contractors in the course of performance of the Supplier's obligations under, or otherwise in connection with, the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

8.02 **Supplier's Insurance**
The Supplier shall maintain errors & omissions liability insurance (external coverage and/or self-insured coverage), insuring liability for errors and omissions in the performance or failure to perform the services contemplated in this agreement, in the amount not less than $5,000,000 per claim and in the annual aggregate.

8.03 **Supplier Participation in Proceedings**
The Supplier shall, at its expense, to the extent requested by OFA or the Province participate in or conduct the defence of any Claim against any Indemnified Parties referred to in this Article and any negotiations for their settlement. OFA or the Province may elect to participate in or conduct the defence of any such Claim by notifying the Supplier in writing of such election without prejudice to any other rights or remedies of OFA or the Province under the Agreement, at law or in equity. Each party participating in the defence shall do so by actively participating with the other's counsel. No settlement shall be entered into by the Supplier unless it has obtained the prior written approval of OFA or the Province, as the case may be. If the Supplier is requested by OFA or the Province to participate in or conduct the defence of any such Claim, OFA or the Province agrees to co-operate with and assist the Supplier to the fullest extent possible in the Claim and any related settlement negotiations. If OFA or the Province conducts the defence of any such Claim, the Supplier agrees to co-operate with and assist OFA or the Province to the fullest extent possible in the Claim and any related settlement negotiations; provided that no settlement of such Claim shall be entered into by any Indemnified Party unless it has obtained the prior written consent of the Supplier, such consent not to be unreasonably withheld.

8.04 The provisions of this Article survive the termination or expiry of the Agreement.

ARTICLE 9 – TERMINATION, EXPIRY AND EXTENSION

9.01 **Immediate Termination of Agreement**
OFA may immediately terminate the Agreement upon giving notice to the Supplier where:

(a) the Supplier is adjudged bankrupt, is insolvent, makes a general assignment for the benefit of its creditors or a receiver, liquidator or similar official is appointed on account of the Supplier's insolvency;

(b) the Supplier breaches any provision in Article 5 (Confidentiality and FIPPA) of the Agreement;

(c) the Supplier breaches any provision in Article 7 (Conflict of Interest) of the Agreement;

(d) the Supplier, prior to or after executing the Agreement, makes a material misrepresentation or omission or provides materially inaccurate information to OFA;

(e) the Supplier undergoes a change in control which, in the sole opinion of OFA, adversely affects the Supplier's ability to satisfy some or all of its obligations under the Agreement;

(f) the Supplier subcontracts for the provision of part or all of the Deliverables or assigns the Agreement without first obtaining the written approval of OFA; or

(g) the Supplier's acts or omissions constitute a substantial failure of performance;

and the above rights of termination are in addition to all other rights of termination available at law, or events of termination by operation of law.

9.02 **Dispute Resolution by Rectification Notice**
Subject to section 9.01, where the Supplier fails to comply with any of its obligations under the Agreement, OFA may issue a rectification notice to the Supplier setting out the manner and timeframe for rectification. Within seven (7) Business Days of receipt of that notice the Supplier shall either (a) comply with that rectification notice; or (b) provide a rectification plan satisfactory to OFA. If the Supplier fails to either comply with that rectification notice or provide a satisfactory rectification plan, OFA may immediately terminate the Agreement. Where the Supplier has been given a prior rectification notice, the same subsequent type of non-compliance by the Supplier shall allow OFA to immediately terminate the Agreement.

9.03 **Termination on Notice**
OFA reserves the right to terminate the Agreement, without cause, upon five (5) days written notice with or without cause.

9.04 **Termination for Non-Appropriation**
If this Agreement extends into a Fiscal Year subsequent to its execution, continuation of the Agreement is conditional upon an appropriation of moneys by the Legislature of Ontario (the "Legislature") sufficient to satisfy payments due under the Agreement. In the event that such moneys are not available as a result of: (i) non-appropriation by the Legislature for the Fiscal Year in which payment becomes due; and (ii) the payment being neither charged nor chargeable to an appropriation of the Legislature for a previous Fiscal Year, the OFA may terminate the Agreement upon giving notice to the Supplier and such termination shall be effective on the date of the beginning of the first Fiscal Year for which funds have not been appropriated.

9.05 **Supplier's Obligations on Termination**
The Supplier shall, in addition to its other obligations under the Agreement and at law:

(a) provide OFA with a report detailing (i) the current state of the provision of Deliverables by the Supplier at the date of termination; and (ii) any other information requested by OFA pertaining to the provision of the Deliverables and performance of the Agreement;

(b) execute such documentation as may be required by OFA to give effect to the termination of the Agreement;

(c) comply with any other instructions provided by OFA, including but not limited to instructions for facilitating the transfer of its obligations to another Person; and

(d) return or destroy Confidential Information under secure conditions, as requested by the OFA and provide a certificate of an officer of the Supplier confirming that all Confidential Information has been returned or destroyed, subject to the right to retain one copy as set out in Section 5.02.

9.06 **Supplier's Payment Upon Termination**
OFA shall only be responsible for the payment of the Deliverables provided under the Agreement up to and including the effective date of any termination. Termination shall not relieve the Supplier of its warranties and other responsibilities relating to the Deliverables performed or money paid. In addition to its other rights of hold back or set off, OFA may hold back payment or set off against any payments owed if the Supplier fails to comply with its obligations on termination.

9.07 **Termination in Addition to Other Rights**
The express rights of termination in the Agreement are in addition to and shall in no way limit any rights or remedies of OFA under the Agreement, at law or in equity

9.08 **Expiry of Agreement**
The Agreement shall expire at the end of the Term.

9.09 The provisions of this Article survive the termination or expiry of the Agreement.

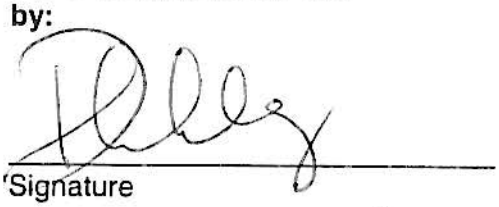
IN WITNESS WHEREOF the parties hereto have executed the Agreement effective as of the date first above written.

Ontario Financing Authority
by:

Signature

Name: Gadi Mayman
Title: Chief Executive Officer
Date of Signature: August 30, 2004

CIBC World Markets Inc.
by:



Signature

Name: Don Munkley
Title: Vice Chairman and Head of Power & Utility
Date of Signature: Aug. 30, 2004

I have authority to bind the Supplier.

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

~~[~~ONTARIO FINANCING AUTHORITY~~][NTD: WHO WILL BE THE CONTRACTING PARTY?]~~
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving ~~an [informal][NTD: Need to consider scope of retainer]~~ ~~assessment/~~advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 ~~Canadian~~ and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]** by or on behalf of ~~[~~**OFA**~~]~~ ~~[or Her Majesty in right of Ontario (the "Province")]~~ for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of ~~[~~**OFA**~~]~~, which consent may be withheld in ~~[~~**OFA**~~]~~**'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

   (a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the ~~[~~**OFA**~~]~~ are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by ~~[~~**OFA**~~]~~ to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of ~~[~~**OFA**~~]~~ and/or the Province ~~[NTD: Could it also be information of OPG?]~~ and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and ~~[~~**OFA**~~]~~ regarding the Project identified therein, and to provide advice and/or further information to ~~[~~**OFA**~~]~~ in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, ~~,~~ ~~,~~directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,~~,~~ directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. Prior to commencing work, ~~T~~the Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners,~~,~~ directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

~~8. **Retention, Return or Destruction of Project Information**~~

~~[Suggest we do not include this unless requested to.]~~

~~**Adviser/Dealer]** shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.~~

~~9~~8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the ~~[~~**OFA**~~]~~ **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the ~~[~~**OFA**~~]~~ and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, ~~,~~ director or officer, shall be reported to the ~~[~~**OFA**~~]~~ by **[Adviser/Dealer]**.

~~9~~10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

10~~1~~. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that ~~[~~**OFA**~~]~~ is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by ~~[~~**OFA**~~]~~ under this Agreement, **[Adviser/Dealer]** will cooperate with ~~[~~**OFA**~~]~~ in identifying records responsive to the request and responding to it in a timely manner.

11~~2~~. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.

The obligations of **[Adviser/Dealer]** after the return to ~~[~~**OFA**~~]~~ of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify ~~[~~**OFA**~~]~~ of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will provide the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

~~[Insert contact details]~~Mr. Michael Manning
Executive Director
Ontario Financing Authority
One Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7
Canada

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(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

12~~3~~. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

13~~4~~. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

~~[~~ONTARIO FINANCING AUTHORITY~~]~~
by:

_____
Name: Michael Manning
Title: Executive Director

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[ADVISER/DEALER]
by:

_____
Name:
Title:
I have the authority to bind the company.

From: Kelly Listoe
To: Sarah Harris
Subject: FW: NDA Agreement
Date: Monday, April 03, 2017 1:11:52 PM
Attachments: GA NDA April 3.doc
Sample Advisory Agreement.PDF
GA NDA April 3(1).doc

Hi Sarah

I have edited Toby's draft and attached it. I think Carlos' previous answers shed light on some of the items raised. It looks to me to be a bit more straightforward than the situation with OPG and CIBC, etc giving rise to the FAS agreement, so not sure that is needed after all.

Bullet 1 seems to be answered by "to provide advice on the structure of financing alternatives for the special purpose vehicle"

We could confirm again with Carlos/ Mike who is receiving the advice. I left it as the OFA based on his previous response.

For potential conflicts within the advisor, I know they all have their own Chinese Walls in place.

Kelly

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 11:58 AM
To: Kelly Listoe ; Opal Kandelas ; Sarah Harris
Cc: Malle Hanslep (MOF)
Subject: NDA Agreement

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.

Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.

We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

[ONTARIO FINANCING AUTHORITY][NTD: WHO WILL BE THE CONTRACTING PARTY?]
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving an [**informal][NTD: Need to consider scope of retainer]** assessment/advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 Canadian and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]**by or on behalf of [**OFA]** [or Her Majesty in right of Ontario (the "Province")] for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of **[OFA]**, which consent may be withheld in [**OFA]'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

(a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the **[OFA]** are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by **[OFA]** to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of **[OFA]** and/or the Province [NTD: Could it also be information of OPG?] and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and **[OFA]** regarding the Project identified therein, and to provide advice and/or further information to **[OFA]** in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, , directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,, directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. The Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners, , directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

8. **Retention, Return or Destruction of Project Information**

[Suggest we do not include this unless requested to.]

Adviser/Dealer] shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.

9. **Breach**

[Adviser/Dealer] acknowledges that breach of any provision of this Agreement will result in immediate and irreparable harm to **[OFA] and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach **[OFA]** and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, , director or officer, shall be reported to **[OFA]** by **[Adviser/Dealer]**.

10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

11. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that **[OFA]** is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by **[OFA]** under this Agreement, **[Adviser/Dealer]** will cooperate with **[OFA]** in identifying records responsive to the request and responding to it in a timely manner.

12. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.
The obligations of **[Adviser/Dealer]** after the return to **[OFA]** of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify **[OFA]** of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

[Insert contact details]

(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

13. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

14. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

[ONTARIO FINANCING AUTHORITY]
by:

_____

Name: ●
Title: ●

[ADVISER/DEALER]
by:

_____

Name:
Title:
I have the authority to bind the company.

FINANCIAL ADVISORY SERVICES

AGREEMENT

THIS AGREEMENT ("the Agreement"), made in duplicate, for Financial Advisory Services is effective as of the **16th of August, 2004.**

BETWEEN:

Ontario Financing Authority

(referred to as "OFA")

AND:

CIBC World Markets Inc.

(referred to as the "Supplier")

In consideration of their respective agreements set out below, the parties covenant and agree as follows:

ARTICLE 1 – INTERPRETATION AND GENERAL PROVISIONS

1.01 **Defined Terms**

When used in the Agreement, the following words or expressions have the following meanings:

"Authority" means any government authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Agreement; and **"Authorities"** means all such authorities, agencies, bodies and departments;

"**Business Day**" means 8:00 a.m. to 5:00 p.m. any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year's Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day which the OFA has elected to be closed for business;

"Confidential Information" means all information of the Province (including the OFA and OEFC) and OPG that is of a confidential nature, including all confidential information in the custody or control of OFA, the Province and OPG, regardless of whether it is identified as confidential or not, and whether recorded or not, and however fixed, stored, expressed or embodied, which comes into the knowledge, possession or control of the Supplier in connection with the Agreement. For the purposes or greater certainty, Confidential Information shall:

(a) include: (i) all new information derived at any time from any such information whether created by OFA, the Province or OPG, the Supplier or any third-party; (ii) all information (including Personal Information) that OFA, the Province and OPG is obliged, or has the discretion, not to disclose under provincial or federal legislation; (iii) the fact that Confidential Information has been made available to the Supplier; (iv) the Deliverables;

(b) not include information that: (i) is or becomes generally available to the public without fault or breach on the part of the Supplier of any duty of confidentiality owed by the Supplier to OFA, the Province or OPG or to any third-party; (ii) the Supplier can demonstrate to have been rightfully obtained by the Supplier, without any obligation of confidence, from a third-party who had the right to transfer or disclose it to the Supplier free of any obligation of confidence; (iii) the Supplier can demonstrate to have been rightfully known to or in the possession of the Supplier at the time of disclosure, free of any obligation of confidence when disclosed; or (iv) is independently developed by the Supplier; but the exclusions in this subparagraph shall in no way limit the meaning of Personal Information or the obligations attaching thereto under the Agreement or at law;

"**Conflict of Interest**" includes, but is not limited to, any situation or circumstance where:

(a) in relation to the RFP process, the proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) having or having access to information in the preparation of its Proposal that is confidential to the OFA and not available to other proponents; (ii) communicating with any person with a view to influencing preferred treatment in the RFP process; or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the competitive RFP process and render that process non-competitive and unfair; or;

(b) in relation to the performance of its contractual obligations in this Agreement, the Supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

"Deliverables" means everything developed for or provided to the OFA in the course of performing under the Agreement or agreed to be provided to the OFA under the Agreement, by the Supplier or its partners, employees, volunteers, agents or subcontractors, as further defined, but not limited by Schedule 1, including but not limited to any goods or services or any and all Intellectual Property and any and all concepts, techniques, ideas, information, documentation and other materials, however recorded, developed or provided;

"Derivative Work" means a work based on the Supplier's Intellectual Property including, without limitation, an adaptation, modification, translation, expansion, condensation or transformation, that if prepared without authorization, would constitute copyright infringement or infringement of any other Intellectual Property right;

"FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended.

"Fiscal Year" means the period running from April 1 in one calendar year to, and including, March 31 in the next calendar year.

"Government" means the Government of Ontario;

"Indemnified Parties" means OFA, directors, appointees and employees of the OFA, and Her Majesty the Queen in right of Ontario, her Ministers, appointees and employees;

"Industry Standards" include, but are not limited to (a) the provision of any and all labour, supplies, equipment and other goods or services that are necessary and can reasonably be understood or inferred to be included within the scope of the Agreement or customarily furnished by Persons providing Deliverables of the type provided hereunder in similar situations in Ontario and; (b) adherence to commonly accepted norms of ethical business practices, which shall include the Supplier establishing, and ensuring adherence to, precautions to prevent its employees or agents from providing or offering gifts or hospitality of greater than nominal value to any person acting on behalf of or employed by OFA and the Province.

"Intellectual Property" means any intellectual, industrial or other proprietary right of any type in any form protected or protectable under the laws of Canada, any foreign country, or any political subdivision of any country, including, without limitation, any intellectual, industrial or proprietary rights protected or protectable by legislation, by common law or at equity;

"Newly Created Intellectual Property" means any Intellectual Property created by the Supplier in the course of performance of its obligations under the Agreement;

"OFA" means Ontario Financing Authority;

"OFA Address" means 1 Dundas Street West, Suite 1400, Toronto, Ontario, M7A 1Y7;

"OFA Representative" means Chief Executive Officer (CEO), OFA;

"OPG" means Ontario Power Generation Inc. and its subsidiaries;

"Person" if the context allows, includes any persons, firms, partnerships or corporations or any combination thereof;

"Personal Information" has the same definition as in subsection 2(1) of FIPPA, that is, recorded information about an identifiable individual or that may identify an individual and includes all such information obtained by the Supplier from the OFA or the Province or OPG or their respective agents or created by the Supplier pursuant to the Agreement;

"Proceeding" means any action, claim, demand, lawsuit, or other proceeding;

"Proposal" means all the documentation submitted by the Supplier in response to the Request for Proposal;

"Province" means Her Majesty the Queen in right of Ontario including any ministries and agencies of the Province including OEFC and OFA and "Provincial" has a corresponding meaning;

"Rates" means the applicable price, in Canadian funds, to be charged for the applicable Deliverables, as set out in Schedule 1, representing the full amount chargeable by the Supplier for the provision of the Deliverables, including but not limited to (a) all applicable duties and taxes, including Goods and Services Tax; (b) all labour and material costs; (c) all travel and carriage costs (d) all insurance costs; and (e) all other overhead including any fees or other charges required by law;

"Record", for the purposes of the Agreement, means any recorded information, including any Personal Information, in any form: (a) provided by OFA or the Province to the Supplier, or provided by the Supplier to OFA, for the purposes of the Agreement; or (b) created by the Supplier in the performance of the Agreement for delivery or presentation to the OFA or use by the OFA;

"Requirements of Law" mean all applicable requirements, laws, statutes, codes, acts, ordinances, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorisations, directions, and agreements with all Authorities that now or at any time hereafter may be applicable to either the Agreement or the Deliverables or any part of them;

"RFP" means the Request for Proposals dated **[*insert date*]** for **[*insert name of RFP*]**, reference number **[*insert reference number*]** issued by OFA for the Deliverables and any addenda to it;

"Supplier Address" and **"Supplier Representative,"** mean:

CIBC World Markets Inc.
161 Bay Street, 6th Floor
Toronto, ON M5J 2S8
Attention: Ron Munkley
Phone No: (416) 594 7863
Facsimile No. (416) 956 6334

"Supplier's Intellectual Property" means Intellectual Property owned by the Supplier prior to its performance under the Agreement or created by the Supplier during the Term of the Agreement independently of the performance of its obligations under the Agreement;

"Term" means the period of time from the effective date first above written to the satisfactory provision of all Deliverables unless this Agreement is terminated early in accordance with the provisions of this Agreement in which case the Term shall end on the expiry or termination date, as the case may be;

"Third-Party Intellectual Property" means any Intellectual Property owned by a party other than OFA or the Province or the Supplier.

1.02 **Entire Agreement**

The Agreement, including the Schedules, embodies the entire agreement between the parties with regard to the provision of Deliverables and supersedes any prior understanding or agreement, collateral, oral or otherwise, existing between the parties at the date of execution of the Agreement.

1.03 **Severability**
If any term or condition of the Agreement, or the application thereof to the parties or to any Persons or circumstances, is to any extent invalid or unenforceable, the remainder of the Agreement, and the application of such term or condition to the parties, Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

1.04 **Interpretive Value of Documents**
In the event of a conflict or inconsistency in any provisions in the Agreement, the main body of the Agreement shall govern over the Schedules to the Agreement.

1.05 **Interpretive Value of Headings**
The headings in the Agreement are for convenience of reference only and in no manner modify, interpret or construe the Agreement.

1.06 **Force Majeure**
Neither party shall be liable for damages caused by delay or failure to perform its obligations under the Agreement where such delay or failure is caused by an event beyond its reasonable control. The parties agree that an event shall not be considered beyond one's reasonable control if a reasonable business person applying due diligence in the same or similar circumstances under the same or similar obligations as those contained in the Agreement would have put in place contingency plans to either materially mitigate or negate the effects of such event. Without limiting the generality of the foregoing, the parties agree that force majeure events shall include natural disasters and acts of war, insurrection and terrorism but shall not include shortages or delays relating to supplies or services. If a party seeks to excuse itself from its obligations under this Agreement due to a force majeure event, that party shall immediately notify the other party of the delay or non-performance, the reason for such delay or non-performance and the anticipated period of delay or non-performance. If the anticipated or actual delay or non-performance exceeds fifteen (15) Business Days, the other party may immediately terminate the Agreement by giving notice of termination and such termination shall be in addition to the other rights and remedies of the terminating party under the Agreement, at law or in equity.

1.07 **Notices**
Notices shall be in writing and shall be delivered by postage-prepaid envelope, personal delivery or facsimile and shall be addressed to, respectively, the OFA Address to the attention of the OFA Representative and to the Supplier Address to the attention of the Supplier Representative. Notices shall be deemed to have been given (a) in the case of postage-prepaid envelope, five (5) Business Days after such notice is mailed; or (b) in the case of personal delivery or facsimile one (1) Business Day after such notice is received by the other party. In the event of a postal disruption, notices must be given by personal delivery or by facsimile. Unless the parties expressly agree in writing to additional methods of notice, notices may only be provided by the methods contemplated in this paragraph.

1.08 **Governing Law**
The Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.09 **Survival**
All warranties and representations about quality, skills, qualifications and experience, the intellectual property provisions, the confidentiality provisions, the indemnity provisions, document retention and audit provisions, termination provisions, and any clauses about remedies shall remain in force after the Term of the Agreement.

ARTICLE 2 – LEGAL RELATIONSHIP BETWEEN OFA, SUPPLIER AND THIRD-PARTIES

2.01 **Supplier's Power to Contract**
The Supplier represents and warrants that it has the full right and power to enter into the Agreement and there is no agreement with any other Person which would in any way interfere with the rights of OFA under this Agreement.

2.02 **Representatives May Bind the Parties**
The parties represent that their respective representatives have the authority to legally bind them to the extent permissible by the Requirements of Law.

2.03 **Responsibility of Supplier**

The Supplier agrees that it is liable for the acts and omissions of its directors, officers, employees, agents, partners, volunteers and subcontractors. This paragraph is in addition to any and all of the Supplier's liabilities under the Agreement and under the general application of law. The Supplier shall advise these individuals and entities of its obligations under the Agreement and, without limiting the generality of the foregoing, shall take appropriate action to ensure compliance with (a) the Agreement generally and (b) with the requirements of Article 5 (Confidentiality and FIPPA) of the Agreement. In addition to any other liabilities of the Supplier pursuant to the Agreement or otherwise at law or in equity, the Supplier shall be liable for all damages, costs, expenses, losses, claims or actions arising from any breach of the Agreement resulting from the actions of the above mentioned individuals and entities.

2.04 **No Subcontracting or Assignment**

The Supplier shall not subcontract or assign the whole or any part of the Agreement or any monies due under it without the prior written consent of OFA. Such consent shall be in the sole discretion of OFA and subject to the terms and conditions that may be imposed OFA. Without limiting the generality of the conditions which OFA may require prior to consenting to the Supplier's use of a subcontractor, every contract entered into by the Supplier with a subcontractor shall adopt all of the terms and conditions of this Agreement as far as applicable to those parts of the Deliverables provided by the subcontractor. Nothing contained in the Agreement shall create a contractual relationship between any subcontractor or its employees and OFA.

2.05 **Duty to Disclose Change of Control**

In the event that the Supplier undergoes a change in control the Supplier shall immediately disclose such change in control to OFA and shall comply with any terms and conditions subsequently prescribed by OFA resulting from the disclosure.

2.06 **Agreement Binding**

The Agreement shall enure to the benefit of and be binding upon the parties and their successors, executors, administrators and their permitted assigns.

ARTICLE 3 - PERFORMANCE BY SUPPLIER

3.01 **Commencement of Performance**

The Supplier shall commence performance upon receipt of instructions and advice from OFA.

3.02 **Performance Warranty**

The Supplier hereby represents and warrants that the Deliverables shall be provided fully and diligently in a professional and competent manner by persons qualified and skilled in their occupations and furthermore that all Deliverables will be provided in accordance with (a) the Agreement; (b) Industry Standards; and (c) Requirements of Law. If any of the Deliverables, in the opinion of OFA, are inadequately provided or require corrections, the Supplier shall forthwith make the necessary corrections at its own expense as specified by OFA in a rectification notice.

3.03 **Notification by Supplier to OFA**

During the Term, the Supplier shall notify OFA promptly of (a) any contradictions, discrepancies or errors found or noted in the Agreement; (b) supplementary details, instructions or directions that do not correspond with those contained in the Agreement; and (c) any omissions or other faults that become evident and should be corrected in order to provide the Deliverables in accordance with the Agreement and Requirements of Law.

3.04 **Condonation Not a Waiver**

Any failure by OFA to insist in one or more instances upon strict performance by the Supplier of any of the terms or conditions of the Agreement shall not be construed as a waiver by OFA of its right to require strict performance of any such terms or conditions, and the obligations of the Supplier with respect to such performance shall continue in full force and effect.

3.05 **Changes By Written Amendment Only**

Any changes to the Agreement shall be by written amendment executed by the parties. No changes shall be effective or shall be carried out in the absence of such an amendment.

3.06 **Supplier to Comply With Reasonable Change Requests**

OFA may, in writing, request changes to the Agreement, which may include altering, adding to, or deleting any of the Deliverables. The Supplier shall comply with all reasonable OFA change requests and the performance of such request shall be in accordance with the terms and conditions of the Agreement. If the Supplier is unable to comply with the change request, it shall promptly notify OFA and provide reasons for such non-compliance. In any event, any such change request shall not be effective until a written amendment reflecting the change has been executed by the parties.

3.07 **Pricing for Requested Changes**

Where an OFA change request includes an increase in the scope of the previously contemplated Deliverables, OFA shall set out, in its change request, the proposed prices for the contemplated changes. Where the Rates in effect at the time of the change request:

(i) includes pricing for the type of goods or services contemplated in the change request, the Supplier shall not unreasonably refuse to provide those goods or services at prices consistent with those Rates; or

(ii) are silent to the applicable price for the particular goods or services contemplated in the change request, the price shall be negotiated between the OFA and the Supplier within a reasonable period of time;

and in any event, such change request shall not become effective until a written amendment reflecting the change has been executed by the parties.

3.08 **Work Volumes**

The Supplier acknowledges that it is providing the Deliverables to OFA on a non-exclusive basis. OFA makes no representation regarding the volume of goods and services required under the Agreement. OFA reserves the right to contract with other parties for the same or similar goods and services as those provided by the Supplier and reserves the right to obtain the same or similar goods and services internally or to not acquire such services from the Supplier.

3.09 **Performance by Specified Individuals Only**

The Supplier agrees that to the extent that specific individuals are named in Schedule 1 (Proposal) as being responsible for the provision of the Deliverables, only those individuals shall provide the Deliverables under the Agreement. The Supplier shall not replace or substitute any of the individuals named in Schedule 1 (Proposal) without the prior written approval of OFA, which may not arbitrarily or unreasonably be withheld. Should the Supplier require the substitution or replacement of any of the individuals named in Schedule 1 (Proposal), it is understood and agreed that any proposed replacement must possess similar or greater qualifications than the individual named in Schedule 1 (Proposal). The Supplier shall not claim fees for any replacement individual greater than the Rates established under Schedule 1 (Proposal). The Supplier shall replace any of its personnel if they are unacceptable to OFA because of security risk, incompetence, conflict of interest, breach of confidentiality or improper conduct upon receiving written notice from OFA.

3.10 **Facility Rules**

Should the Supplier be required to attend on OFA or Provincial property, the Supplier shall obey all fire, safety and other applicable rules of the facility. All damage to an OFA or Provincial facility and/or equipment, or any mishaps or accidents involving OFA and/or Provincial personnel, facilities and/or equipment shall be reported immediately to the OFA Representative.

3.11 **OFA Rights and Remedies and Supplier Obligations Not Limited to Agreement**

The express rights and remedies of OFA and obligations of the Supplier set out in the Agreement are in addition to and shall not limit any other rights and remedies available to OFA or any other obligations of the Supplier at law or in equity.

ARTICLE 4 - PAYMENT FOR PERFORMANCE

4.01 **Payment of Rates Including Approved Disbursements and Expenses**

OFA shall, subject to the Supplier's compliance with the provisions of the Agreement, pay the Supplier for the Deliverables provided at the Rates established under the Agreement. All disbursements or expenses shall be reasonable and air travel and accommodation expenses be approved in advance by the OFA, acting reasonably.

4.02 **Default Billing and Payment Process**
Unless the parties expressly set out an alternative billing and payment process in Schedule 1, the following process shall govern:

(a) the Supplier shall provide the OFA with a monthly billing statement no later than ten (10) Business Days after the end of each month and that billing statement shall include (i) the reference number assigned to the Agreement by the OFA; (ii) a brief description of the Deliverables provided for the relevant month; and (iii) any disbursements, expenses or taxes, if payable by OFA, identified as separate items;

(b) the OFA shall approve or reject the billing statement within fifteen (15) Business Days and in the event that the OFA rejects the billing statement, it shall so advise the Supplier promptly in writing and the Supplier shall provide additional information as required by the OFA to substantiate the billing statement; and

(c) each billing statement must be approved by the OFA before any payment is released and payment shall be made within thirty (30) Business Days of such approval;

and any subparagraph set out above that is not expressly replaced in Schedule 1 with an alternative provision shall remain in full force and effect.

4.03 **Hold Back or Set Off**
OFA may hold back payment or set off against payment if, in the opinion of the OFA acting reasonably, the Supplier has failed to comply with any requirements of the Agreement.

4.04 **Additional Charges**
There shall be no other charges payable by OFA under the Agreement to the Supplier other than the Rates established under the Agreement.

4.05 **Payment of Taxes and Duties**
Unless otherwise stated, the Supplier shall pay all applicable taxes, including excise taxes incurred by or on the Supplier's behalf with respect to the Agreement.

4.06 **OFA GST Exempt**
The OFA hereby certifies that the Deliverables are required for the use of the Crown and are therefore not subject to the federal Goods and Services Tax.

4.07 **Document Retention and Audit**
For seven (7) years after the expiration of the Term the Supplier shall maintain all necessary records to substantiate (a) all charges and payments under the Agreement and (b) that the Deliverables were provided in accordance with the Agreement and with Requirements of Law. During the Term, and for seven (7) years after the end of the Term, the Supplier shall permit and assist OFA in conducting audits of the operations of the Supplier to verify (a) and (b) above. OFA shall provide the Supplier with at least ten (10) Business Days prior notice of its requirement for such audit.

The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 5 - CONFIDENTIALITY AND FIPPA

5.01 **Confidentiality and Promotion Restrictions**
Any publicity or publications related to the Agreement shall be at the sole discretion of the OFA. The OFA may, in its sole discretion, acknowledge the Deliverables provided by the Supplier in any such publicity or publication. The Supplier shall not make use of its association with the OFA without the prior written consent of the OFA. Without limiting the generality of this paragraph, the Supplier shall not, among other things, at any time directly or indirectly communicate with the media in relation to the Agreement unless it has first obtained the express written authorization to do so by the OFA.

5.02 **OFA, OPG, and the Government Confidential Information**

During and following the Term, the Supplier shall (a) keep all Confidential Information confidential and secure; (b) limit the disclosure of Confidential Information to only (i) those employees who have a need to know it and who have been specifically authorized to have such disclosure (ii) and to the other suppliers that have been retained subject to similar confidentiality obligations by OFA and identified by OFA to the Supplier for the sole purpose of providing to OFA or assisting the Supplier in providing to OFA the Deliverables pursuant to the Agreement and then only to the extent they need to know the Confidential Information for such purpose; (c) not directly or indirectly disclose, destroy, exploit or use any Confidential Information (except for the purpose of providing the Deliverables, or except if required by order of a court or tribunal), without first obtaining: (i) the written consent of OFA and (ii) in respect of any Confidential Information about any third-party, the written consent of such third-party; (d) provide Confidential Information to OFA on demand; and (e) deliver all Confidential Information to OFA before the termination or expiry of the Term, with no copy or portion kept by the Supplier, except that the Supplier may retain one copy for due diligence defence purposes, which copy shall be held securely and in accordance with the terms of this Agreement.

5.03 **Restrictions on Copying**

The Supplier shall not copy any Confidential Information, in whole or in part, unless copying is essential for the provision of the Deliverables. On each copy made by the Supplier, the Supplier must reproduce all notices which appear on the original.

5.04 **Injunctive and Other Relief**

The Supplier acknowledges that breach of any provisions of this Article may cause irreparable harm to OFA, the Province or to any third-party to whom OFA owes a duty of confidence, and that the injury to OFA, the Province or to any third-party may be difficult to calculate and inadequately compensable in damages. The Supplier agrees that each of OFA and the Province is entitled to obtain injunctive relief (without proving any damage sustained by it or by any third-party) or any other remedy against any actual or potential breach of the provisions of this Article.

5.05 **Notice and Protective Order**

If the Supplier or any of its directors, officers, employees, agents, representatives or advisors become legally compelled to disclose any Confidential Information, the Supplier will provide OFA with prompt notice to that effect in order to allow OFA or the Province, as the case may be, to seek one or more protective orders or other appropriate remedies to prevent or limit such disclosure, and it shall co-operate with OFA and the Province and their respective legal counsel to the fullest extent. If such protective orders or other remedies are not obtained, the Supplier will disclose only that portion of Confidential Information which the Supplier is legally compelled to disclose, only to such person or persons to which the Supplier is legally compelled to disclose, and the Supplier shall provide notice to each such recipient (in co-operation with legal counsel for OFA or the Province, as the case may be) that such Confidential Information is confidential and subject to non-disclosure on terms and conditions equal to those contained in the Agreement and, if possible, shall obtain each recipient's written agreement to receive and use such Confidential Information subject to those terms and conditions.

5.06 **Notification of Confidentiality Provisions**

The Supplier shall notify each of its partners, employees, directors, and officers and subcontractors who have access to any of the Confidential Information ("the Notified Parties") of the obligations contained in the Agreement with respect to the confidentiality of the Confidential Information and the restrictions on disclosure and use of the Confidential Information. The Supplier has advised or will advise, as the case may be, the Notified Parties of their obligations concerning the confidentiality of the Confidential Information and shall obtain the agreement of each of the Notified Parties to abide by the terms and conditions of the Agreement. The Supplier agrees to enforce such obligations to the extent required to prevent unauthorised disclosure of Confidential Information and to prevent any partner, employee, director, or officer (the "Representatives") from making unauthorised use of Confidential Information. The Supplier agrees to be responsible for any breach of confidentiality by any of the Representatives and agrees to indemnify OFA and the Province and OPG for all damages, costs, expenses, losses, claims or actions arising from any failure by the Supplier or any of the Representatives to comply with the confidentiality obligations in the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

5.07 **FIPPA Records and Compliance**
The Supplier and OFA acknowledge and agree that FIPPA applies to and governs all Records and may require the disclosure of such Records to third parties. Furthermore, the Supplier agrees:

(a) to keep Records secure;

(b) to provide Records to OFA within five (5) Business Days of being directed to do so by OFA for any reason including an access request or privacy issue;

(c) not to access any Personal Information unless OFA determines, in its sole discretion, that access is permitted under FIPPA and is necessary in order to provide the Deliverables;

(d) not to directly or indirectly use, collect, disclose or destroy any Personal Information for any purposes that are not authorized by OFA;

(e) to ensure the security and integrity of Personal Information and keep it in a physically secure and separate location safe from loss, alteration, destruction or intermingling with other records and databases and to implement, use and maintain the most appropriate products, tools, measures and procedures to do so;

(f) to restrict access to Personal Information to those of its employees who have a need to know it and who have been specifically authorized to have such access for the purpose of providing the Deliverables;

(g) to implement other specific security measures that in the reasonable opinion of OFA would improve the adequacy and effectiveness of the Supplier's measures to ensure the security and integrity of Personal Information and Records generally; and

(h) that any confidential information supplied to OFA or the Province may be disclosed by OFA or the Province where it is obligated to do so under FIPPA, by an order of a court or tribunal or pursuant to a legal proceeding.

5.08 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 6 – INTELLECTUAL PROPERTY

6.01 **OFA Intellectual Property**
The Supplier agrees that all Intellectual Property and every other right, title and interest in and to all concepts, techniques, ideas, information and materials, however recorded, (including images and data) provided by OFA or the Province to the Supplier shall remain the sole property of OFA or the Province, as the case may be, at all times.

6.02 **No Use of Insignia**
The Supplier shall not use any insignia or logo of OFA or the Province.

6.03 **Ownership of Intellectual Property**
OFA on behalf of the Province shall be the sole owner of any Newly Created Intellectual Property. The Supplier irrevocably assigns to and in favour of OFA and OFA accepts every right, title and interest in and to all Newly Created Intellectual Property in the Deliverables, immediately following the creation thereof, for all time. OFA grants to the Province a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, the Newly Created Intellectual Property in the Deliverables (b) to use, execute, make, have made, have used, display, distribute perform, reproduce and prepare, in any form, Derivative Work based on the Newly Created Intellectual Property in the Deliverables and (c) to practise and have practised any process or method (or both) associated with such Derivative Work;

To the extent that any of the Deliverables include, in whole or in part, the Supplier's Intellectual Property, the Supplier grants to OFA and the Province a licence to use that Supplier Intellectual

Property in the manner contemplated in this Article, the total consideration for which shall be payment of the Rates on the terms and to the Supplier by OFA.

6.04 **Presumption Governing Ownership**

The presumption governing the Agreement shall be that OFA on behalf of the Province shall be the sole owner of any Intellectual Property in any form contained in any of the Deliverables. If the Supplier's Intellectual Property forms any part of the Deliverables, the Supplier shall notify OFA of such prior to the delivery of the particular Deliverable containing any such Supplier Intellectual Property. In the absence of any such notice the presumption shall remain that OFA is the sole owner of any Intellectual Property contained in the Deliverables.

6.05 **Supplier's Grant of Licence**

For those parts of the Deliverables that are Supplier Intellectual Property, the Supplier grants to OFA and the Province, a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, copies of those Deliverables and to practice and have practised any process or method (or both) associated with such Deliverables; and (b) to use, execute, make, have made, have used, display, distribute, perform, reproduce and prepare, in any form, Derivative Work based on those Deliverables and to practise and have practised any process or method (or both) associated with such Derivative Work; and (c) authorize other Persons including agents, contractors or sub-contractors to do any of the former on behalf of OFA or the Province, provided that the OFA and the Province shall be entitled to use and authorize other Persons to use the Supplier Intellectual Property for the purposes of the Province only and not for resale or other commercial exploitation thereof.

6.06 **No Restrictive Material in Deliverables**

The Supplier waives, and shall not incorporate into any Deliverables anything that would restrict the right of OFA or the Province to modify, further develop or otherwise use the Deliverables in any way that OFA or the Province deems necessary, or that would prevent OFA or the Province from entering into any contract with any contractor other than the Supplier for the modification, further development of or other use of the Deliverables. However, to the extent that any of the Deliverables constitutes any professional opinion, judgement or financial advice of the Supplier, the preceding sentence will not restrict or prevent the Supplier from addressing such opinions, judgements and financial advice solely to the OFA and the Province or from including customary assumptions, qualifications and limitations respecting reliance by parties other than the Indemnified Parties in such Deliverables.

6.07 **Supplier Representation and Warranty Regarding Third-Party Intellectual Property**

The Supplier represents and warrants that the provision of the Deliverables shall not infringe or induce the infringement of any Third-Party Intellectual Property rights. The Supplier further represents and warrants that it has obtained assurances with respect to any Third-Party Intellectual Property that any rights of integrity or any other moral rights associated therewith have been waived.

6.08 **Moral Rights**

The Supplier shall obtain waivers of all rights of integrity and any other moral rights in relation to the Deliverables from its employees, volunteers, agents and subcontractors and from any other party in the position to assert such rights in relation to any of the Deliverables, which waivers may be invoked without restriction by any person authorized by OFA or the Province to use the Deliverables.

6.09 **Copyright Notice**

The Supplier shall place a copyright notice in the following form on all recorded Deliverables it provides to OFA:

"© Queen's Printer for Ontario, 2004"

6.10 **Further Assurances Regarding Copyright**

At the request of OFA, at any time or from time to time, the Supplier shall execute and agrees to cause anyone in the position to assert rights of integrity or any other moral right (including its employees, volunteers, agents and subcontractors) to execute a written assignment of copyright and waiver of moral rights in the applicable Deliverable to the OFA in the forms set out in Schedule 2. The Supplier shall assist OFA in preparing any Canadian copyright registration that OFA considers appropriate. The Supplier will obtain or execute any other document reasonably required by OFA to protect the Intellectual Property of OFA.

6.11 **OFA May Prescribe Further Compliance**
OFA reserves the right to prescribe the specific manner in which the Supplier shall perform its obligations relating to this Article.

6.12 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 7 – CONFLICT OF INTEREST

7.01 The Supplier acknowledges it owes the OFA and the Province of Ontario a duty to promote the interests of OFA and the Province of Ontario in carrying out the Services. The overriding obligation the Supplier is to avoid actual or perceived conflicts between its private interests and those of OFA and the Province (including OFA and OEFC).

7.02 The Supplier shall not, in its provision of the Deliverables, engage in any activity, business or undertaking, whether as Supplier or otherwise, that could create a conflict of interest or potential conflict of interest. Included in the prohibitions on the Supplier are the following:

(a) engaging in any activity, business or undertaking that may conflict or be perceived as conflicting with the performance by the Supplier of the duties and obligations under this Agreement;

(b) directly or indirectly benefiting from any activity related to this Agreement otherwise than as specifically contemplated by this Agreement;

(c) circumstances where the supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

7.03 If required by the OFA for the purpose of complying with section 7.02 , the Supplier agrees to:

(a) file with the OFA a Plan to Prevent Conflict of Interest in respect of any particular actual or potential conflict of interest;

(b) file and cause its partners, directors, officers or employees who are providing the Services under this Agreement to file with the OFA declarations disclosing their interests in a manner equivalent to that set out in Section 13 of O.Reg 435/97 and their personal relationships (if any) with the firms and named individuals employed by or affiliated with OPG or any OEB licensed wholesale or retail electricity market participant in Ontario; and

(c) cause its partners, directors, officers or employees who are providing the Deliverables under this Agreement to execute confidentiality undertakings and provide copies to the OFA.

Upon the occurrence of any change in circumstance that renders any certificate or information filed or provided by the Supplier either incorrect or incomplete, the Supplier shall forthwith notify the OFA as set out in this Article of the change in circumstance in detail.

7.04 If any activities or prior activities of the Supplier could constitute an actual or potential conflict of interest in respect of this Agreement, the Supplier shall without delay make full, true and plain disclosure to the OFA of all relevant information about the particular activity, business or undertaking in question to the satisfaction of the OFA or its agent and abide by the decision of the OFA.

7.05 Upon any disclosure made by a Supplier or any other person in relation to the activities of the Supplier, of any activity, business or undertaking that could create a conflict of interest in respect of this Agreement, the OFA may, in its sole discretion:

(a) require that the Supplier:
  (i) deliver further and detailed particulars of the activity, business or undertaking;
  (ii) elect between the continuation of the Agreement and the continuation of the activity, business or undertaking concerned; and/or

(iii) institute measures which in the opinion of the OFA eliminate, resolve, isolate, diminish or nullify any perceived conflict of interest;

(b) terminate the Agreement effective upon written notice to such effect, and/or

(c) take such other steps as may be necessary to address the conflict including the institution of proceedings.

Where the OFA recommends that the Supplier take certain action, or refrain from taking certain action, the Supplier shall abide by the recommendation. The Supplier's failure to do so may result in the termination of the Supplier's Agreement in the sole discretion of the OFA.

7.06 Information disclosed by the Supplier to the OFA as contemplated under section 7.05 is confidential and shall not be disclosed to any person, except:

(a) on the consent of all parties;
(b) as required by law or by the order of a tribunal or court;
(c) such persons, if any, as the Supplier or the OFA may consult in respect of the conflict of interest; or
(d) in any proceedings between the OFA and the Supplier for breach of obligations under Article 7.

ARTICLE 8 – INDEMNITY AND INSURANCE

8.01 **Supplier Indemnity**
The Supplier hereby agrees to indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings, (collectively, "Claims"), by whomever made, sustained, brought or prosecuted, including for third party bodily injury (including death), personal injury and property damage arising from the negligence, errors, omissions or wilful misconduct of the Supplier, its subcontractors or their respective directors, partners, officers, agents, employees or independent contractors in the course of performance of the Supplier's obligations under, or otherwise in connection with, the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

8.02 **Supplier's Insurance**
The Supplier shall maintain errors & omissions liability insurance (external coverage and/or self-insured coverage), insuring liability for errors and omissions in the performance or failure to perform the services contemplated in this agreement, in the amount not less than $5,000,000 per claim and in the annual aggregate.

8.03 **Supplier Participation in Proceedings**
The Supplier shall, at its expense, to the extent requested by OFA or the Province participate in or conduct the defence of any Claim against any Indemnified Parties referred to in this Article and any negotiations for their settlement. OFA or the Province may elect to participate in or conduct the defence of any such Claim by notifying the Supplier in writing of such election without prejudice to any other rights or remedies of OFA or the Province under the Agreement, at law or in equity. Each party participating in the defence shall do so by actively participating with the other's counsel. No settlement shall be entered into by the Supplier unless it has obtained the prior written approval of OFA or the Province, as the case may be. If the Supplier is requested by OFA or the Province to participate in or conduct the defence of any such Claim, OFA or the Province agrees to co-operate with and assist the Supplier to the fullest extent possible in the Claim and any related settlement negotiations. If OFA or the Province conducts the defence of any such Claim, the Supplier agrees to co-operate with and assist OFA or the Province to the fullest extent possible in the Claim and any related settlement negotiations; provided that no settlement of such Claim shall be entered into by any Indemnified Party unless it has obtained the prior written consent of the Supplier, such consent not to be unreasonably withheld.

8.04 The provisions of this Article survive the termination or expiry of the Agreement.

ARTICLE 9 – TERMINATION, EXPIRY AND EXTENSION

9.01 **Immediate Termination of Agreement**
OFA may immediately terminate the Agreement upon giving notice to the Supplier where:

(a) the Supplier is adjudged bankrupt, is insolvent, makes a general assignment for the benefit of its creditors or a receiver, liquidator or similar official is appointed on account of the Supplier's insolvency;

(b) the Supplier breaches any provision in Article 5 (Confidentiality and FIPPA) of the Agreement;

(c) the Supplier breaches any provision in Article 7 (Conflict of Interest) of the Agreement;

(d) the Supplier, prior to or after executing the Agreement, makes a material misrepresentation or omission or provides materially inaccurate information to OFA;

(e) the Supplier undergoes a change in control which, in the sole opinion of OFA, adversely affects the Supplier's ability to satisfy some or all of its obligations under the Agreement;

(f) the Supplier subcontracts for the provision of part or all of the Deliverables or assigns the Agreement without first obtaining the written approval of OFA; or

(g) the Supplier's acts or omissions constitute a substantial failure of performance;

and the above rights of termination are in addition to all other rights of termination available at law, or events of termination by operation of law.

9.02 **Dispute Resolution by Rectification Notice**
Subject to section 9.01, where the Supplier fails to comply with any of its obligations under the Agreement, OFA may issue a rectification notice to the Supplier setting out the manner and timeframe for rectification. Within seven (7) Business Days of receipt of that notice the Supplier shall either (a) comply with that rectification notice; or (b) provide a rectification plan satisfactory to OFA. If the Supplier fails to either comply with that rectification notice or provide a satisfactory rectification plan, OFA may immediately terminate the Agreement. Where the Supplier has been given a prior rectification notice, the same subsequent type of non-compliance by the Supplier shall allow OFA to immediately terminate the Agreement.

9.03 **Termination on Notice**
OFA reserves the right to terminate the Agreement, without cause, upon five (5) days written notice with or without cause.

9.04 **Termination for Non-Appropriation**
If this Agreement extends into a Fiscal Year subsequent to its execution, continuation of the Agreement is conditional upon an appropriation of moneys by the Legislature of Ontario (the "Legislature") sufficient to satisfy payments due under the Agreement. In the event that such moneys are not available as a result of: (i) non-appropriation by the Legislature for the Fiscal Year in which payment becomes due; and (ii) the payment being neither charged nor chargeable to an appropriation of the Legislature for a previous Fiscal Year, the OFA may terminate the Agreement upon giving notice to the Supplier and such termination shall be effective on the date of the beginning of the first Fiscal Year for which funds have not been appropriated.

9.05 **Supplier's Obligations on Termination**
The Supplier shall, in addition to its other obligations under the Agreement and at law:

(a) provide OFA with a report detailing (i) the current state of the provision of Deliverables by the Supplier at the date of termination; and (ii) any other information requested by OFA pertaining to the provision of the Deliverables and performance of the Agreement;

(b) execute such documentation as may be required by OFA to give effect to the termination of the Agreement;

(c) comply with any other instructions provided by OFA, including but not limited to instructions for facilitating the transfer of its obligations to another Person; and

(d) return or destroy Confidential Information under secure conditions, as requested by the OFA and provide a certificate of an officer of the Supplier confirming that all Confidential Information has been returned or destroyed, subject to the right to retain one copy as set out in Section 5.02.

9.06 **Supplier's Payment Upon Termination**
OFA shall only be responsible for the payment of the Deliverables provided under the Agreement up to and including the effective date of any termination. Termination shall not relieve the Supplier of its warranties and other responsibilities relating to the Deliverables performed or money paid. In addition to its other rights of hold back or set off, OFA may hold back payment or set off against any payments owed if the Supplier fails to comply with its obligations on termination.

9.07 **Termination in Addition to Other Rights**
The express rights of termination in the Agreement are in addition to and shall in no way limit any rights or remedies of OFA under the Agreement, at law or in equity

9.08 **Expiry of Agreement**
The Agreement shall expire at the end of the Term.

9.09 The provisions of this Article survive the termination or expiry of the Agreement.

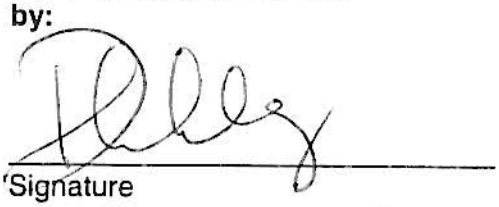
IN WITNESS WHEREOF the parties hereto have executed the Agreement effective as of the date first above written.

Ontario Financing Authority
by:

Signature

Name: Gadi Mayman
Title: Chief Executive Officer
Date of Signature: August 30, 2004

CIBC World Markets Inc.
by:



Signature

Name: Don Munkley
Title: Vice Chairman and Head of Power & Utility
Date of Signature: Aug. 30, 2004

I have authority to bind the Supplier.

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

~~[~~ONTARIO FINANCING AUTHORITY~~][NTD: WHO WILL BE THE CONTRACTING PARTY?]~~
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving ~~an [informal][NTD: Need to consider scope of retainer]~~ ~~assessment/~~advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 ~~Canadian~~ and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]** by or on behalf of ~~[~~**OFA**~~]~~ ~~[or Her Majesty in right of Ontario (the "Province")]~~ for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of ~~[~~**OFA**~~]~~, which consent may be withheld in ~~[~~**OFA**~~]~~**'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

   (a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the ~~[~~**OFA**~~]~~ are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by ~~[~~**OFA**~~]~~ to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of ~~[~~**OFA**~~]~~ and/or the Province ~~[NTD: Could it also be information of OPG?]~~ and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and ~~[~~**OFA**~~]~~ regarding the Project identified therein, and to provide advice and/or further information to ~~[~~**OFA**~~]~~ in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, ~~,~~ ~~,~~directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,~~,~~ directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. Prior to commencing work, ~~T~~the Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners,~~,~~ directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

~~8. **Retention, Return or Destruction of Project Information**~~

~~[Suggest we do not include this unless requested to.]~~

~~**Adviser/Dealer]** shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.~~

~~9~~8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the ~~[~~**OFA**~~]~~ **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the ~~[~~**OFA**~~]~~ and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, ~~,~~ director or officer, shall be reported to the ~~[~~**OFA**~~]~~ by **[Adviser/Dealer]**.

~~9~~10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

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No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that ~~[~~**OFA**~~]~~ is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by ~~[~~**OFA**~~]~~ under this Agreement, **[Adviser/Dealer]** will cooperate with ~~[~~**OFA**~~]~~ in identifying records responsive to the request and responding to it in a timely manner.

11~~2~~. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.

The obligations of **[Adviser/Dealer]** after the return to ~~[~~**OFA**~~]~~ of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify ~~[~~**OFA**~~]~~ of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will provide the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

~~[Insert contact details]~~Mr. Michael Manning
Executive Director
Ontario Financing Authority
One Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7
Canada

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(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

12~~3~~. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

13~~4~~. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

~~[~~ONTARIO FINANCING AUTHORITY~~]~~
by:

_____
Name: Michael Manning
Title: Executive Director

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[ADVISER/DEALER]
by:

_____
Name:
Title:
I have the authority to bind the company.

From:	Whitfield, Tobias P. (MOF)
To:	Sarah Neville
Cc:	Kelly Listoe; Opal Kandelas; Sarah Harris; Malle Hanslep (MOF)
Subject:	FW: NDA Agreement
Date:	Monday, April 03, 2017 4:46:40 PM
Attachments:	GA NDA April 3(1).doc

Thanks, Kelly.

I am forwarding this to Sarah Neville as well, as the OFA is the party to the agreement, so OFA Legal needs to review this as well.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 3, 2017 3:21 PM
To: Whitfield, Tobias P. (MOF)
Subject: RE: NDA Agreement

Hi Toby

I made a few small additions/ changes to the attached draft based on what I learned from Carlos. We are told that the OFA will sign it (Mike). It is fairly straightforward. Page 2 of the OPG white paper outlines a structure, but the ultimate draft of the legislation will impact it and advice will be needed once what is in the legislation is clearer. Advice needed is regarding financing alternatives/ structure for the spv. In addition, the banks/ advisor have their own Chinese Walls in place to deal with potential conflicts of interest.

Please confirm if the changes are ok.

Thanks,

Kelly

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 11:58 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: NDA Agreement

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.

Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.

We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.

Best

Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
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- and -

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~~9~~8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the ~~[~~**OFA**~~]~~ **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the ~~[~~**OFA**~~]~~ and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, ~~,~~ director or officer, shall be reported to the ~~[~~**OFA**~~]~~ by **[Adviser/Dealer]**.

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The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

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treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

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~~[Insert contact details]~~Mr. Michael Manning
Executive Director
Ontario Financing Authority
One Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7
Canada

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(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

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This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

~~[~~**ONTARIO FINANCING AUTHORITY**~~]~~
by:

_____
Name: Michael Manning
Title: Executive Director

[ADVISER/DEALER]
by:

_____
Name:
Title:
I have the authority to bind the company.

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From: Sarah Harris
To: Andrea Dalgarno; Kelly Listoe
Subject: FW: OFA OICs
Date: Wednesday, May 03, 2017 1:16:18 PM
Attachments: RE OFA Loans and OIC.msg
RE OIC Total Amount for OFA Loans as of Mar 31 2017.msg
RE OIC Total Amount for OFA Loans.msg

HI Andrea and Kelly,
Since Andrea is familiar with OICs, and Kelly is familiar with the IESO agreements, may I ask you to jointly look into the request below, while concurrently referring to Sarah Neville's attached e-mail. Andrea, you are familiar with the OICs, as you helped verify that they still exists as at March 31, 2017 (attached).
I don't know which spreadsheet that Salman is referring to regarding tracking the remaining authority. Per Lenin's attached e-mail, he says "I cannot however, comment on any loans or transactions undertaken under the OICs. Documentation does not keep track of this. I believe that corporate finance keeps track of this information. As such the supporting documentation I can provide is copies of the OIC's in question."
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 02, 2017 4:57 PM
To: Sarah Harris
Subject: OFA OICs
Hi Sarah,
Hoping you're the person for this but please let me know otherwise.
I was hoping you could provide a copy of OICs the OFA has received for lending purposes, specifically, OICs 675/1997 and 767/1999. I am trying to see which, if at all, OIC authorized the amounts that OFA has to on-lend to the OPA (now IESO), re: $975 million agreement. I remember Lenin had once sent a spreadsheet tracking the availability remaining under the OICs and the OPA/IESO $975M facility was on there.
Thank you,
Salman

From: Sarah Neville []
To: Salman Qadir [Salman.Qadir@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Lenin Alvarez-Bravo [Lenin.Alvarez-Bravo@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: RE: OFA Loans and OIC
Date: Wednesday, May 03, 2017 12:48:40

Salman –

The OFA's authority to borrow is set out in its' general borrowing by-law, By-Law #12 (see document at below link) which is approved by resolution of the Board and requires the additional approval of the Minister.

Under section 1(a)(i), the by-law permits borrowing by the OFA from the Minister of Finance, such amounts as the Minister of Finance is authorized by OIC to lend to the OFA.

http://portal.ofina.on.ca/sites/ld/ofaboard/administration/ByLaws/General%20Borrowing%20and%20Financing%20By-Law%2012.pdf

So, yes, borrowing from the Province by the OFA must not exceed amounts the Minister is authorized by OIC to lend.

Please let me know if you have questions or would like to discuss further.

Sarah

From: Salman Qadir
Sent: Wednesday, May 03, 2017 12:32 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA Loans and OIC

Thanks Sarah.

Is it fine to say that the OFA needs to have room within an OIC to be able to lend to an entity (or in other words, an OIC (alongside other approvals like Minister's directive etc) to ensure the OFA can lend? I believe this is true but wanted to get a definite answer.

I've reached out to Sarah Harris on my second questions as well.

Thanks again,
Salman

From: Sarah Neville

Sent: Wednesday, May 03, 2017 12:26 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: OFA Loans and OIC

Hi Salman - Documentation tracks and administers the borrowing OICs. Lenin asked me about the IESO Credit Facility back in the summer and Lisa was assigned as a result of the inquiry (so I've copied her as well). I am not sure but I think Lenin may be away, so I am copying Sarah Harris with your query.

Please let me know if you require anything further.

Sarah

From: Salman Qadir
Sent: Wednesday, May 03, 2017 11:05 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA Loans and OIC

Hi Sarah,

Hoping you could help or point me in the right direction on this. I'd be happy to give you a call or come up to your office to quickly discuss…

There are two questions I am trying to answer:

1) If my understanding of the legal authorizations required for OFA to lend to entities is correct and that an OIC is needed for any lending the OFA intends to do; and
2) If my understanding is correct, would you have any documents/records to show that a certain OIC was done for the OFA-OPA (now IESO) facility

Background for my two questions:
My current understanding the legal requirements to do an OFA loan (pre- drafting an agreement). It is my understanding that:

- An OIC must authorize the Minister of Finance to lend to the OFA.
- Minister of Finance's Directive must then direct OFA to "on-lend" to Borrower subject to terms and conditions.

I assume this is the case and with that, I was trying to look for the OIC that would have been completed for the OFA to provide the current $975 million (originally could have been $475 million) revolving credit facility to the IESO (previously OPA). I don't think it was an specific one for this on-lending and it may be an old one. I have attached the most recent OIC that I could find and it makes reference to:

WHEREAS pursuant to Order in Council 675/97 made under subsection 22(1) of the Capital Investment Plan Act, 1993, the Minister of Finance is authorized to lend Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the Ontario Financing Authority (the "OF A");

And based on OIC tracking that I had seen in 2013 by OFA Documentation, this $975 million is included

under that amount.

Thank you,
Salman

From: Andrea Dalgarno []
To: San Rajaratnam [San.Rajaratnam@ofina.on.ca]
CC: William Tan [William.Tan@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]; Siva Nathan [Siva.Nathan@ofina.on.ca]
Subject: RE: OIC Total Amount for OFA Loans as of Mar 31, 2017
Date: Wednesday, April 19, 2017 09:57:07
Attachment 1: OIC 767-1999(3).pdf
Attachment 2: OIC 844-2008.pdf
Attachment 3: OIC 975-2009 (Auto Loan Purposes) 29May09.pdf
Attachment 4: OIC 2144-2007.pdf
Attachment 5: OIC 2154-2008 (Auto Loan Purposes) 19Dec08.pdf
Attachment 6: OIC1883-2006.pdf
Attachment 7: OIC 163-2012.pdf
Attachment 8: OIC 300-2010.pdf
Attachment 9: OIC 354-2014.pdf
Attachment 10: OIC 675-1997.pdf
Attachment 11: OIC 678-2009 (Auto Loan Purposes) 29Apr09.pdf
Attachment 12: Total OIC Amount (March 31, 2017).xlsx

Hi San,

Sarah asked me to address this request

The only changes are as follows:

OIC 1883/06 - $800,000,000 - the amended maturity date is June 1, 2041 (previously November 1, 2032).
OIC 2144/07 - $2,000,000,000 - the amended maturity date is June 1, 2041 (previously December 1, 2037).

and the changes have been made to the OFA Summary attached.

These updates take into account the amendment to the maturity dates incorporated in OIC 844/2008 (attached for your reference).

Other than that:

I can confirm that the total OIC amounts remains unchanged as of March 31, 2017. I can also confirm that there have been no additional OICs. I cannot however, comment on any loans or transactions undertaken under the OICs. Documentation does not keep track of this. If needed, I believe that Corporate Finance keeps track of this information. As such the supporting documentation provided is comprised of copies of the OIC's in question.

Regards,

Andrea

From: San Rajaratnam
Sent: Tuesday, April 18, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: OIC Total Amount for OFA Loans as of Mar 31, 2017

Hi William,

We would like to check with you of any changes to OIC amounts as of Mar 31, 2017? We require this info for reporting in OFA's Mar 31, 2017 Financial Statements.

Thanks,
San

From: William Tan
Sent: Friday, January 20, 2017 2:56 PM
To: San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans as of Dec 31,2016

Hello San,

We confirm the authorized amounts for the OICs in the attached table are unchanged totalling $16,916,000,000 as at Dec 31, 2016.
Please note the amended maturity dates for the following two OICs:

OIC 675/97 - $2,160,000,000 - the amended maturity date is June 1, 2041 (previously August 31, 2027).
OIC 767/99 - $656,000,000 - the amended maturity date is June 1, 2041 (previously August 31, 2029).

Thanks,

Will

From: Sarah Harris
Sent: Tuesday, January 17, 2017 4:14 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans as of Dec 31,2016

From: San Rajaratnam
Sent: Tuesday, January 17, 2017 3:39 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: OIC Total Amount for OFA Loans as of Dec 31,2016

Hi Sarah,

We would like to check whether any changes to OIC amounts as of Dec 31, 2016? We require this info for reporting in OFA's Dec 31,2016 FS.

Lenin provided us the attached file (as of Sep 30,2016).

Thanks,
San

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

Min. Finance
Borrowing Bylaw
for the OFA

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Six Hundred and Fifty-six Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law in accordance with the Act and approved by the Minister of Finance;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2029;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan, provided that the maximum principal amount of the loan outstanding at any time shall not exceed Six Hundred and Fifty-six Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the interest rate paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the interest rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 1 1999

Date

Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to Order in Council 675/97 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the Ontario Financing Authority (the "OFA");

AND WHEREAS pursuant to Order in Council 767/99 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 1883/2006 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Eight Hundred Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 2144/2007 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion Dollars in lawful money of Canada to the OFA;

AND WHEREAS the Province considers it expedient to amend Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006 and Order in Council 2144/2007 to allow for loans from the Minister of Finance to the OFA which shall be fully repaid by the OFA by June 1, 2041 and to allow the OFA to retain up to 40 basis points on advances made by the Minister of Finance to the OFA where the OFA subsequently loans those moneys to public bodies;

THEREFORE:

1. Order in Council 675/97, as amended by Order in Council 1709/98, is hereby amended by:

(i) deleting "August 31, 2027" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (d)(i) and replacing said subparagraph with the following subparagraph:

"from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(ii) deleting subsubparagraph (d)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

"(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points, "

2. Order in Council 767/99, is hereby amended by:

(i) deleting "August 31, 2029" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (d)(i) and replacing said subparagraph with the following subparagraph:

"from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(iii) deleting subsubparagraph (d)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

"(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,"

3. Order in Council 1883/2006 is hereby amended by:

(i) deleting "November 1, 2032" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (c)(i) and replacing said subparagraph with the following subparagraph:

> "from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(iii) deleting subsubparagraph (c)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

> "(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,
>
> until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

4. Order in Council 2144/2007 is hereby amended by:

(i) deleting "December 1, 2037" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (c)(i) and replacing said subparagraph with the following subparagraph:

> "from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(ii) deleting subsubparagraph (c)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

> "(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

5. The forms of promissory note which evidence the loans pursuant to Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006 and Order in Council 2144/2007 are hereby amended to reflect the above changes to the Orders in Council in respect of all amounts advanced to the OFA on or after the date of this Order.

Recommended _____ Minister of Finance

Concurred _____ Chair of Cabinet

Approved and Ordered JUN 0 4 2008 Date

_____ Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding Four Billion Three Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding Four Billion Three Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank

overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Where required by the terms of the securities in addition to being signed, sealed and authenticated as described in the previous paragraph, the securities shall also be effectuated by the signature of such person authorized by the Province of Ontario to act for such purpose, and when so executed and either authenticated or countersigned, and, if required, effectuated, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said offices between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

6. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

7. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

8. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

MAY 2 9 2009

Date

Lieutenant Governor

Ontario

Executive Council
Conseil exécutif

O.C./Décret 2144/2007

I hereby certify that the attached is a true copy of an Order made on December 19, 2007, by His Honour the Honourable David C. Onley, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
December 20, 2007

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient:

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act:

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue certificates, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance:

AND WHEREAS the OFA wishes to borrow up to $2.0 billion from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act:

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of $2.0 billion in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by December 1, 2037;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills as determined by the Province, provided

that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as determined by the Province immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding **25** basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended _____ Minister of Finance

Concurred _____ Chair of Cabinet

Approved and Ordered DEC 19 2007 Date

_____ Lieutenant Governor

Order in Council
Décret

...e Council
Conseil exécutif

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding One Billion Seven Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding One Billion Seven Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

O.C./Décret

2154/2008

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be

borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

6. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

7. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

DEC 19 2008

Date

Lieutenant Governor

Ontario

Executive Council
Conseil exécutif

O.C./Décret 1883/2006

I hereby certify that the attached is a true copy of an Order made on September 27, 2006, by His Lordship the Honourable Brian W. Lennox, Chief Justice of the Ontario Court of Justice, Administrator of the Government of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
September 28, 2006

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient:

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act:

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue certificates, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance:

AND WHEREAS the OFA wishes to borrow up to Eight Hundred Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act:

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Eight Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by November 1, 2032;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 25 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii) , once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended _____ Concurred _____
Minister of Finance Chair of Cabinet

Approved and Ordered SEP 27 2006
Date

Administrator of the Government

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to One Billion Seven Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of One Billion Seven Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by 2040;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

O.C./Décret 163/2012

Certified to be a true copy
Deputy Clerk, Executive Council

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted at the option of the OFA effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 53 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____
Minister of Finance

Concurred _____
Chair of Cabinet

Approved and Ordered

FEB 14 2012
Date

_____
Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to One Billion Eight Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of One Billion Eight Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by May 15, 2036;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

Certified to be a true copy
Deputy Clerk, Executive Council

O.C./Décret 300/2010

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted at the option of the OFA effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 45 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____
Minister of Finance

Concurred _____
Chair of Cabinet

Approved and Ordered

MAR 1 0 2010
Date

_____
Administrator of the Government

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Seven Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Seven Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by March 5, 2044;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full; and

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____ Concurred _____

Minister of Finance Chair of Cabinet

Approved and Ordered MAR 0 5 2014

Date

_____

Lieutenant Governor

OFA Loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Ontario

Executive Council
Conseil exécutif

O.C./Décret 678/2009

I hereby certify that the attached is a true copy of an Order made on April 29, 2009, by His Honour the Honourable David C. Onley, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
June 4, 2009

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding One Billion One Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding One Billion One Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

O.C./Décret 678/2009

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be

borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

6. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

7. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 9 2009

Date

Lieutenant Governor

OIC Summary

Regular Loans	
Under OIC 675/97 -	
Authorized:	$2,160,000,000
Repayment date:	June 1, 2041
Under OIC 767/99 -	
Authorized:	$656,000,000
Repayment date:	June 1, 2041
Under OIC 1883/2006 - SB Loans	
Authorized:	$800,000,000
Repayment date:	June 1, 2041
Under OIC 2144/2007	
Authorized:	$2,000,000,000
Repayment date:	June 1, 2041
Under OIC 300/2010	
Authorized:	$1,800,000,000
Repayment date:	May 15, 2036
Under OIC 163/2012	
Authorized:	$1,700,000,000
Repayment date:	Year 2040
Under OIC 354/2014	
Authorized:	$700,000,000
Repayment date:	March 5, 2044
Auto Loans	**Total OIC Amount**
OIC 2154/2008	$1,700,000,000
OIC 678/2009	$1,100,000,000
OIC 975/2009	$4,300,000,000
Total Amount	$16,916,000,000

School Board Loans

School Board Loans

School Board Loans

	Amount Issued		Remaining Authority
$	1,700,000,000.00	$	-
$	480,818,602.74	$	619,181,397.26
$	1,983,345,267.75	$	2,316,654,732.25

From: Lenin Alvarez-Bravo []
To: Siva Nathan [Siva.Nathan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; San Rajaratnam [San.Rajaratnam@ofina.on.ca]; Faran Ali [Faran.Ali@ofina.on.ca]
Subject: RE: OIC Total Amount for OFA Loans
Date: Friday, April 22, 2016 09:14:07
Attachment 1: OIC 675-1997.pdf
Attachment 2: OIC 767-1999(3).pdf
Attachment 3: OIC1883-2006.pdf
Attachment 4: OIC 2144-2007.pdf
Attachment 5: OIC 300-2010.pdf
Attachment 6: OIC 163-2012.pdf
Attachment 7: OIC 354-2014.pdf
Attachment 8: OIC 2154-2008 (Auto Loan Purposes) 19Dec08.pdf
Attachment 9: OIC 678-2009 (Auto Loan Purposes) 29Apr09.pdf
Attachment 10: OIC 975-2009 (Auto Loan Purposes) 29May09.pdf
Attachment 11: Copy of Total OIC Amount (doc) (3).xlsx

Good morning Siva,

I can confirm that the total OIC amounts remains unchanged as of March 31, 2016. I can also confirm that there have been no additional OICs. I cannot however, comment on any loans or transactions undertaken under the OICs. Documentation does not keep track of this. I believe that corporate finance keeps track of this information. As such the supporting documentation I can provide is copies of the OIC's in question.

Thank you,
Lenin

From: Siva Nathan
Sent: Thursday, April 21, 2016 4:16 PM
To: Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>; Faran Ali <Faran.Ali@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: OIC Total Amount for OFA Loans

Hi Lenin,

Could you please confirm the total OIC amounts for the loans advanced to the OFA by the Province under Credit Facilities as at March 31, 2016?. Since this is our year-end, please provide the supporting documentation for the auditors.

Thanks
Siva

From: San Rajaratnam
Sent: Thursday, April 21, 2016 3:44 PM

To: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans

Siva,

Could you request update as of Mar 31,2016 from Lenin.

San

From: Lenin Alvarez-Bravo
Sent: Tuesday, January 19, 2016 5:08 PM
To: Siva Nathan <Siva.Nathan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>; Faran Ali <Faran.Ali@ofina.on.ca>
Subject: RE: OIC Total Amount for OFA Loans

Hi Siva,

I have checked the figures and I can confirm that the total OIC amount remains unchanged at $16,916,000.00 as at December 31, 2015.

Please let me know if you have any other questions.

Thank you,
Lenin

From: Siva Nathan
Sent: Tuesday, January 19, 2016 11:31 AM
To: Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>; Faran Ali <Faran.Ali@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans

Hi Lenin,

Could you please confirm the total OIC amounts for the loans advanced to the OFA by the Province under Credit Facilities as at December 31, 2015 is $16,916,000,000.?

Thanks
Siva

From: San Rajaratnam
Sent: Tuesday, January 19, 2016 9:59 AM
To: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans

Siva- could you check with CM for any changes as of Dec 31,2015?

San

From: Lenin Alvarez-Bravo
Sent: Tuesday, September 15, 2015 9:07 AM
To: Siva Nathan <Siva.Nathan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Subject: RE: OIC Total Amount for OFA Loans

Good morning Siva,

I have checked the figures and can confirm that total OIC amounts remain unchanged as at June 30, 2015.

Please let me know if you have any other questions.

Thank you,
Lenin

From: Siva Nathan
Sent: Monday, September 14, 2015 3:16 PM
To: Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans

Hi Lenin,

Could you please confirm the total OIC amount for the loans advanced to the OFA by the Province under Credit Facilities as at June 30, 2015 is $16,916,000,000.?

Thanks
Siva

From: San Rajaratnam
Sent: Thursday, July 23, 2015 10:02 AM
To: Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans

Hi Lenin,

Could you review the attached for any changes as of June 30,2015?

Thanks,
San

From: Lenin Alvarez-Bravo
Sent: Thursday, April 30, 2015 4:10 PM
To: San Rajaratnam
Cc: Siva Nathan; Sarah Harris
Subject: RE: OIC Total Amount for OFA Loans

Hi San,

I have review the file (and double checked with Martine on School Boards), there have been no changes to report.

Please let me know if you have any questions

Thank you,
Lenin

From: San Rajaratnam
Sent: Thursday, April 30, 2015 9:46 AM
To: Lenin Alvarez-Bravo
Cc: Siva Nathan; Sarah Harris
Subject: OIC Total Amount for OFA Loans

Hi Lenin,

For disclosure in the OFS's Mar 31, 2015 financial statements could you provide the updated numbers as of Mar 31, 2015?

Thanks,
San

From: San Rajaratnam
Sent: Friday, January 23, 2015 12:22 PM
To: Lenin Alvarez-Bravo
Cc: Siva Nathan
Subject: FW: OIC Total Amount for OFA Loans

Hi Lenin,

For disclosure in the OFS's Dec 31, 2014 financial statements could you provide the updated numbers as of Dec 31, 2014?

Thanks,
San

From: Lenin Alvarez-Bravo
Sent: Friday, November 14, 2014 9:25 AM
To: San Rajaratnam
Cc: Siva Nathan; Sarah Harris
Subject: RE: OIC Total Amount for OFA Loans

Good morning San,

I've reviewed the file now. Our records indicate that there have not been any changes and no new OICs since the last report.

Unfortunately we are not able to provide the breakdown at the bottom of the file. That information is with Corporate Finance, they should be able to provide a breakdown.

Thank you,
Lenin

From: San Rajaratnam
Sent: Wednesday, November 12, 2014 4:14 PM
To: Lenin Alvarez-Bravo
Cc: Siva Nathan
Subject: FW: OIC Total Amount for OFA Loans

Hi Lenin,

For disclosure in the OFS's Sep 30, 2014 financial statements could you provide the updated numbers as of Sep 30, 2014?

You provided us the attached file -information as of June 30,2014.

Thanks,
San

From: Siva Nathan
Sent: Wednesday, August 06, 2014 3:50 PM
To: Lenin Alvarez-Bravo
Cc: Siva Nathan
Subject: RE: OIC Total Amount for OFA Loans

Lenin,

Thanks for the information. I will use this for the June 30, 2014 financials.

I need following additional information:

1. Breakdown of the OIC indicating authority to advance to different Public Bodies (see

attached Excel file)

2. Copies of all OICs'

This is not urgent. You can take your time.

Thanks
Siva

From: Lenin Alvarez-Bravo
Sent: Wednesday, August 06, 2014 3:07 PM
To: Bonnie Zhang; Siva Nathan
Cc: Martine Bell
Subject: RE: OIC Total Amount for OFA Loans

Hi Bonnie and Siva,

Please see the attached file. Please note highlighted in yellow 2 School Board Loan OICs added to the file.

Thank you,
Lenin

From: Bonnie Zhang
Sent: Thursday, July 17, 2014 3:11 PM
To: Lenin Alvarez-Bravo
Subject: OIC Total Amount for OFA Loans

Hi Lenin,

Could you confirm that there aren't any changes for the OIC total authorized amount for OFA loans since March 31, 2014? If there is a new OIC, could you let me know the amount? This is for the Q1 2014 OFA financial statements reporting.

Thanks,
Bonnie

OFA Loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

Min. Finance
Borrowing Bylaw
for the OFA

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Six Hundred and Fifty-six Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law in accordance with the Act and approved by the Minister of Finance;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2029;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan, provided that the maximum principal amount of the loan outstanding at any time shall not exceed Six Hundred and Fifty-six Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the interest rate paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the interest rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 1 1999

Date

Lieutenant Governor

Ontario

Executive Council
Conseil exécutif

O.C./Décret 1883/2006

I hereby certify that the attached is a true copy of an Order made on September 27, 2006, by His Lordship the Honourable Brian W. Lennox, Chief Justice of the Ontario Court of Justice, Administrator of the Government of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
September 28, 2006

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient:

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act:

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue certificates, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance:

AND WHEREAS the OFA wishes to borrow up to Eight Hundred Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act:

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Eight Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by November 1, 2032;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 25 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii) , once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended _____ Concurred _____
Minister of Finance Chair of Cabinet

Approved and Ordered SEP 27 2006
Date

Administrator of the Government

Ontario

Executive Council
Conseil exécutif

O.C./Décret 2144/2007

I hereby certify that the attached is a true copy of an Order made on December 19, 2007, by His Honour the Honourable David C. Onley, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
December 20, 2007

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient:

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act:

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue certificates, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance:

AND WHEREAS the OFA wishes to borrow up to $2.0 billion from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act:

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of $2.0 billion in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by December 1, 2037;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills as determined by the Province, provided

that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as determined by the Province immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding **25** basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended _____ Minister of Finance

Concurred _____ Chair of Cabinet

Approved and Ordered DEC 19 2007 Date

_____ Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to One Billion Eight Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of One Billion Eight Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by May 15, 2036;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

Certified to be a true copy
Deputy Clerk, Executive Council

O.C./Décret 300/2010

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted at the option of the OFA effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 45 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____
Minister of Finance

Concurred _____
Chair of Cabinet

Approved and Ordered

MAR 1 0 2010
Date

_____
Administrator of the Government

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to One Billion Seven Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of One Billion Seven Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by 2040;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

O.C./Décret 163/2012

Certified to be a true copy
Deputy Clerk, Executive Council

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted at the option of the OFA effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 53 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____
Minister of Finance

Concurred _____
Chair of Cabinet

Approved and Ordered

FEB 14 2012
Date

_____
Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Seven Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Seven Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by March 5, 2044;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full; and

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____ Concurred _____

Minister of Finance Chair of Cabinet

Approved and Ordered MAR 0 5 2014

Date

_____

Lieutenant Governor

Order in Council
Décret

...e Council
Conseil exécutif

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding One Billion Seven Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding One Billion Seven Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

O.C./Décret

2154/2008

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be

borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

6. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

7. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

DEC 19 2008

Date

Lieutenant Governor

Ontario

Executive Council
Conseil exécutif

O.C./Décret 678/2009

I hereby certify that the attached is a true copy of an Order made on April 29, 2009, by His Honour the Honourable David C. Onley, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
June 4, 2009

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding One Billion One Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding One Billion One Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

O.C./Décret 678/2009

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be

borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

6. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

7. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 9 2009

Date

Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding Four Billion Three Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding Four Billion Three Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank

overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Where required by the terms of the securities in addition to being signed, sealed and authenticated as described in the previous paragraph, the securities shall also be effectuated by the signature of such person authorized by the Province of Ontario to act for such purpose, and when so executed and either authenticated or countersigned, and, if required, effectuated, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said offices between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

6. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

7. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

8. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

MAY 2 9 2009

Date

Lieutenant Governor

OIC Summary

Regular Loans	
Under OIC 675/97 -	
Authorized:	$2,160,000,000
Repayment date:	August 31, 2027
Under OIC 767/99 -	
Authorized:	$656,000,000
Repayment date:	August 31, 2029
Under OIC 1883/2006 - SB Loans	
Authorized:	$800,000,000
Repayment date:	November 1, 2032
Under OIC 2144/2007	
Authorized:	$2,000,000,000
Repayment date:	December 1, 2037
Under OIC 300/2010	
Authorized:	$1,800,000,000
Repayment date:	May 15, 2036
Under OIC 163/2012	
Authorized:	$1,700,000,000
Repayment date:	Year 2040
Under OIC 354/2014	
Authorized:	$700,000,000
Repayment date:	March 5, 2044
Auto Loans	**Total OIC Amount**
OIC 2154/2008	$1,700,000,000
OIC 678/2009	$1,100,000,000
OIC 975/2009	$4,300,000,000
Total Amount	$16,916,000,000

School Board Loans	XXXXXXXXX
College Loans	XXXXX
Universities Loans	XXXX
Corporations Loans	XXX
Municipalities	X
	16,916,000.00

School Board Loans

School Board Loans

School Board Loans

	Amount Issued		Remaining Authority
$	1,700,000,000.00	$	-
$	480,818,602.74	$	619,181,397.26
$	1,983,345,267.75	$	2,316,654,732.25

From: Sarah Harris
To: Andrea Dalgarno; Kelly Listoe
Subject: FW: OFA OICs
Date: Wednesday, May 03, 2017 1:16:18 PM
Attachments: RE OFA Loans and OIC.msg
RE OIC Total Amount for OFA Loans as of Mar 31 2017.msg
RE OIC Total Amount for OFA Loans.msg

HI Andrea and Kelly,

Since Andrea is familiar with OICs, and Kelly is familiar with the IESO agreements, may I ask you to jointly look into the request below, while concurrently referring to Sarah Neville's attached e-mail. Andrea, you are familiar with the OICs, as you helped verify that they still exists as at March 31, 2017 (attached).

I don't know which spreadsheet that Salman is referring to regarding tracking the remaining authority. Per Lenin's attached e-mail, he says "I cannot however, comment on any loans or transactions undertaken under the OICs. Documentation does not keep track of this. I believe that corporate finance keeps track of this information. As such the supporting documentation I can provide is copies of the OIC's in question."

Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 02, 2017 4:57 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFA OICs

Hi Sarah,

Hoping you're the person for this but please let me know otherwise.

I was hoping you could provide a copy of OICs the OFA has received for lending purposes, specifically, OICs 675/1997 and 767/1999. I am trying to see which, if at all, OIC authorized the amounts that OFA has to on-lend to the OPA (now IESO), re: $975 million agreement. I remember Lenin had once sent a spreadsheet tracking the availability remaining under the OICs and the OPA/IESO $975M facility was on there.

Thank you,
Salman

From: Sarah Neville []
To: Salman Qadir [Salman.Qadir@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Lenin Alvarez-Bravo [Lenin.Alvarez-Bravo@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: RE: OFA Loans and OIC
Date: Wednesday, May 03, 2017 12:48:40

Salman –

The OFA's authority to borrow is set out in its' general borrowing by-law, By-Law #12 (see document at below link) which is approved by resolution of the Board and requires the additional approval of the Minister.

Under section 1(a)(i), the by-law permits borrowing by the OFA from the Minister of Finance, such amounts as the Minister of Finance is authorized by OIC to lend to the OFA.

http://portal.ofina.on.ca/sites/ld/ofaboard/administration/ByLaws/General%20Borrowing%20and%20Financing%20By-Law%2012.pdf

So, yes, borrowing from the Province by the OFA must not exceed amounts the Minister is authorized by OIC to lend.

Please let me know if you have questions or would like to discuss further.

Sarah

From: Salman Qadir
Sent: Wednesday, May 03, 2017 12:32 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA Loans and OIC

Thanks Sarah.

Is it fine to say that the OFA needs to have room within an OIC to be able to lend to an entity (or in other words, an OIC (alongside other approvals like Minister's directive etc) to ensure the OFA can lend? I believe this is true but wanted to get a definite answer.

I've reached out to Sarah Harris on my second questions as well.

Thanks again,
Salman

From: Sarah Neville

Sent: Wednesday, May 03, 2017 12:26 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: OFA Loans and OIC

Hi Salman - Documentation tracks and administers the borrowing OICs. Lenin asked me about the IESO Credit Facility back in the summer and Lisa was assigned as a result of the inquiry (so I've copied her as well). I am not sure but I think Lenin may be away, so I am copying Sarah Harris with your query.

Please let me know if you require anything further.

Sarah

From: Salman Qadir
Sent: Wednesday, May 03, 2017 11:05 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA Loans and OIC

Hi Sarah,

Hoping you could help or point me in the right direction on this. I'd be happy to give you a call or come up to your office to quickly discuss…

There are two questions I am trying to answer:

1) If my understanding of the legal authorizations required for OFA to lend to entities is correct and that an OIC is needed for any lending the OFA intends to do; and
2) If my understanding is correct, would you have any documents/records to show that a certain OIC was done for the OFA-OPA (now IESO) facility

Background for my two questions:
My current understanding the legal requirements to do an OFA loan (pre- drafting an agreement). It is my understanding that:

- An OIC must authorize the Minister of Finance to lend to the OFA.
- Minister of Finance's Directive must then direct OFA to "on-lend" to Borrower subject to terms and conditions.

I assume this is the case and with that, I was trying to look for the OIC that would have been completed for the OFA to provide the current $975 million (originally could have been $475 million) revolving credit facility to the IESO (previously OPA). I don't think it was an specific one for this on-lending and it may be an old one. I have attached the most recent OIC that I could find and it makes reference to:

WHEREAS pursuant to Order in Council 675/97 made under subsection 22(1) of the Capital Investment Plan Act, 1993, the Minister of Finance is authorized to lend Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the Ontario Financing Authority (the "OF A");

And based on OIC tracking that I had seen in 2013 by OFA Documentation, this $975 million is included

under that amount.

Thank you,
Salman

From: Andrea Dalgarno []
To: San Rajaratnam [San.Rajaratnam@ofina.on.ca]
CC: William Tan [William.Tan@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]; Siva Nathan [Siva.Nathan@ofina.on.ca]
Subject: RE: OIC Total Amount for OFA Loans as of Mar 31, 2017
Date: Wednesday, April 19, 2017 09:57:07
Attachment 1: OIC 767-1999(3).pdf
Attachment 2: OIC 844-2008.pdf
Attachment 3: OIC 975-2009 (Auto Loan Purposes) 29May09.pdf
Attachment 4: OIC 2144-2007.pdf
Attachment 5: OIC 2154-2008 (Auto Loan Purposes) 19Dec08.pdf
Attachment 6: OIC1883-2006.pdf
Attachment 7: OIC 163-2012.pdf
Attachment 8: OIC 300-2010.pdf
Attachment 9: OIC 354-2014.pdf
Attachment 10: OIC 675-1997.pdf
Attachment 11: OIC 678-2009 (Auto Loan Purposes) 29Apr09.pdf
Attachment 12: Total OIC Amount (March 31, 2017).xlsx

Hi San,

Sarah asked me to address this request

The only changes are as follows:

OIC 1883/06 - $800,000,000 - the amended maturity date is June 1, 2041 (previously November 1, 2032).

OIC 2144/07 - $2,000,000,000 - the amended maturity date is June 1, 2041 (previously December 1, 2037).

and the changes have been made to the OFA Summary attached.

These updates take into account the amendment to the maturity dates incorporated in OIC 844/2008 (attached for your reference).

Other than that:

I can confirm that the total OIC amounts remains unchanged as of March 31, 2017. I can also confirm that there have been no additional OICs. I cannot however, comment on any loans or transactions undertaken under the OICs. Documentation does not keep track of this. If needed, I believe that Corporate Finance keeps track of this information. As such the supporting documentation provided is comprised of copies of the OIC's in question.

Regards,

Andrea

From: San Rajaratnam
Sent: Tuesday, April 18, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: OIC Total Amount for OFA Loans as of Mar 31, 2017

Hi William,

We would like to check with you of any changes to OIC amounts as of Mar 31, 2017? We require this info for reporting in OFA's Mar 31, 2017 Financial Statements.

Thanks,

San

From: William Tan
Sent: Friday, January 20, 2017 2:56 PM
To: San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans as of Dec 31,2016

Hello San,

We confirm the authorized amounts for the OICs in the attached table are unchanged totalling $16,916,000,000 as at Dec 31, 2016.

Please note the amended maturity dates for the following two OICs:

OIC 675/97 - $2,160,000,000 - the amended maturity date is June 1, 2041 (previously August 31, 2027).

OIC 767/99 - $656,000,000 - the amended maturity date is June 1, 2041 (previously August 31, 2029).

Thanks,

Will

From: Sarah Harris
Sent: Tuesday, January 17, 2017 4:14 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans as of Dec 31,2016

From: San Rajaratnam
Sent: Tuesday, January 17, 2017 3:39 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: OIC Total Amount for OFA Loans as of Dec 31,2016

Hi Sarah,

We would like to check whether any changes to OIC amounts as of Dec 31, 2016? We require this info for reporting in OFA's Dec 31,2016 FS.

Lenin provided us the attached file (as of Sep 30,2016).

Thanks,

San

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

Min. Finance
Borrowing Bylaw
for the OFA

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Six Hundred and Fifty-six Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law in accordance with the Act and approved by the Minister of Finance;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2029;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan, provided that the maximum principal amount of the loan outstanding at any time shall not exceed Six Hundred and Fifty-six Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the interest rate paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the interest rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 1 1999

Date

Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to Order in Council 675/97 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the Ontario Financing Authority (the "OFA");

AND WHEREAS pursuant to Order in Council 767/99 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 1883/2006 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Eight Hundred Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 2144/2007 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion Dollars in lawful money of Canada to the OFA;

AND WHEREAS the Province considers it expedient to amend Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006 and Order in Council 2144/2007 to allow for loans from the Minister of Finance to the OFA which shall be fully repaid by the OFA by June 1, 2041 and to allow the OFA to retain up to 40 basis points on advances made by the Minister of Finance to the OFA where the OFA subsequently loans those moneys to public bodies;

THEREFORE:

1. Order in Council 675/97, as amended by Order in Council 1709/98, is hereby amended by:

(i) deleting "August 31, 2027" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (d)(i) and replacing said subparagraph with the following subparagraph:

"from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(ii) deleting subsubparagraph (d)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

"(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points, "

2. Order in Council 767/99, is hereby amended by:

(i) deleting "August 31, 2029" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (d)(i) and replacing said subparagraph with the following subparagraph:

"from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(iii) deleting subsubparagraph (d)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

"(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,"

3. Order in Council 1883/2006 is hereby amended by:

(i) deleting "November 1, 2032" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (c)(i) and replacing said subparagraph with the following subparagraph:

> "from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(iii) deleting subsubparagraph (c)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

> "(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,
>
> until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

4. Order in Council 2144/2007 is hereby amended by:

(i) deleting "December 1, 2037" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (c)(i) and replacing said subparagraph with the following subparagraph:

> "from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(ii) deleting subsubparagraph (c)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

> "(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

5. The forms of promissory note which evidence the loans pursuant to Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006 and Order in Council 2144/2007 are hereby amended to reflect the above changes to the Orders in Council in respect of all amounts advanced to the OFA on or after the date of this Order.

Recommended _____ Minister of Finance

Concurred _____ Chair of Cabinet

Approved and Ordered JUN 0 4 2008 Date

_____ Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding Four Billion Three Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding Four Billion Three Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank

overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Where required by the terms of the securities in addition to being signed, sealed and authenticated as described in the previous paragraph, the securities shall also be effectuated by the signature of such person authorized by the Province of Ontario to act for such purpose, and when so executed and either authenticated or countersigned, and, if required, effectuated, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said offices between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

6. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

7. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

8. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

MAY 2 9 2009

Date

Lieutenant Governor

Ontario

Executive Council
Conseil exécutif

O.C./Décret 2144/2007

I hereby certify that the attached is a true copy of an Order made on December 19, 2007, by His Honour the Honourable David C. Onley, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
December 20, 2007

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient:

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act:

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue certificates, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance:

AND WHEREAS the OFA wishes to borrow up to $2.0 billion from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act:

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of $2.0 billion in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by December 1, 2037;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills as determined by the Province, provided

that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as determined by the Province immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding **25** basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended _____ Minister of Finance

Concurred _____ Chair of Cabinet

Approved and Ordered DEC 19 2007 Date

_____ Lieutenant Governor

Order in Council
Décret

...e Council
Conseil exécutif

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding One Billion Seven Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding One Billion Seven Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

O.C./Décret

2154/2008

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be

borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

6. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

7. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

DEC 19 2008

Date

Lieutenant Governor

Ontario

Executive Council
Conseil exécutif

O.C./Décret 1883/2006

I hereby certify that the attached is a true copy of an Order made on September 27, 2006, by His Lordship the Honourable Brian W. Lennox, Chief Justice of the Ontario Court of Justice, Administrator of the Government of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
September 28, 2006

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient:

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act:

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue certificates, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance:

AND WHEREAS the OFA wishes to borrow up to Eight Hundred Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act:

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Eight Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by November 1, 2032;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 25 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii) , once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended _____ Concurred _____
Minister of Finance Chair of Cabinet

Approved and Ordered SEP 27 2006
Date

Administrator of the Government

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to One Billion Seven Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of One Billion Seven Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by 2040;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

O.C./Décret 163/2012

Certified to be a true copy
Deputy Clerk, Executive Council

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted at the option of the OFA effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 53 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____
Minister of Finance

Concurred _____
Chair of Cabinet

Approved and Ordered

FEB 14 2012
Date

_____
Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to One Billion Eight Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of One Billion Eight Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by May 15, 2036;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

Certified to be a true copy
Deputy Clerk, Executive Council

O.C./Décret 300/2010

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted at the option of the OFA effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 45 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____
Minister of Finance

Concurred _____
Chair of Cabinet

Approved and Ordered

MAR 1 0 2010
Date

_____
Administrator of the Government

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Seven Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Seven Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by March 5, 2044;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full; and

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____ Concurred _____

Minister of Finance Chair of Cabinet

Approved and Ordered MAR 0 5 2014

Date

_____

Lieutenant Governor

OFA Loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Ontario

Executive Council
Conseil exécutif

O.C./Décret 678/2009

I hereby certify that the attached is a true copy of an Order made on April 29, 2009, by His Honour the Honourable David C. Onley, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
June 4, 2009

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding One Billion One Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding One Billion One Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

O.C./Décret 678/2009

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be

borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

6. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

7. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 9 2009

Date

Lieutenant Governor

OIC Summary

Regular Loans	
Under OIC 675/97 -	
Authorized:	$2,160,000,000
Repayment date:	June 1, 2041
Under OIC 767/99 -	
Authorized:	$656,000,000
Repayment date:	June 1, 2041
Under OIC 1883/2006 - SB Loans	
Authorized:	$800,000,000
Repayment date:	June 1, 2041
Under OIC 2144/2007	
Authorized:	$2,000,000,000
Repayment date:	June 1, 2041
Under OIC 300/2010	
Authorized:	$1,800,000,000
Repayment date:	May 15, 2036
Under OIC 163/2012	
Authorized:	$1,700,000,000
Repayment date:	Year 2040
Under OIC 354/2014	
Authorized:	$700,000,000
Repayment date:	March 5, 2044
Auto Loans	**Total OIC Amount**
OIC 2154/2008	$1,700,000,000
OIC 678/2009	$1,100,000,000
OIC 975/2009	$4,300,000,000
Total Amount	$16,916,000,000

School Board Loans

School Board Loans

School Board Loans

	Amount Issued		Remaining Authority
$	1,700,000,000.00	$	-
$	480,818,602.74	$	619,181,397.26
$	1,983,345,267.75	$	2,316,654,732.25

From: Lenin Alvarez-Bravo []
To: Siva Nathan [Siva.Nathan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; San Rajaratnam [San.Rajaratnam@ofina.on.ca]; Faran Ali [Faran.Ali@ofina.on.ca]
Subject: RE: OIC Total Amount for OFA Loans
Date: Friday, April 22, 2016 09:14:07
Attachment 1: OIC 675-1997.pdf
Attachment 2: OIC 767-1999(3).pdf
Attachment 3: OIC1883-2006.pdf
Attachment 4: OIC 2144-2007.pdf
Attachment 5: OIC 300-2010.pdf
Attachment 6: OIC 163-2012.pdf
Attachment 7: OIC 354-2014.pdf
Attachment 8: OIC 2154-2008 (Auto Loan Purposes) 19Dec08.pdf
Attachment 9: OIC 678-2009 (Auto Loan Purposes) 29Apr09.pdf
Attachment 10: OIC 975-2009 (Auto Loan Purposes) 29May09.pdf
Attachment 11: Copy of Total OIC Amount (doc) (3).xlsx

Good morning Siva,

I can confirm that the total OIC amounts remains unchanged as of March 31, 2016. I can also confirm that there have been no additional OICs. I cannot however, comment on any loans or transactions undertaken under the OICs. Documentation does not keep track of this. I believe that corporate finance keeps track of this information. As such the supporting documentation I can provide is copies of the OIC's in question.

Thank you,

Lenin

From: Siva Nathan
Sent: Thursday, April 21, 2016 4:16 PM
To: Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>; Faran Ali <Faran.Ali@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: OIC Total Amount for OFA Loans

Hi Lenin,

Could you please confirm the total OIC amounts for the loans advanced to the OFA by the Province under Credit Facilities as at March 31, 2016?. Since this is our year-end, please provide the supporting documentation for the auditors.

Thanks

Siva

From: San Rajaratnam
Sent: Thursday, April 21, 2016 3:44 PM
To: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans

Siva,

Could you request update as of Mar 31,2016 from Lenin.

San

From: Lenin Alvarez-Bravo
Sent: Tuesday, January 19, 2016 5:08 PM
To: Siva Nathan <Siva.Nathan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>; Faran Ali <Faran.Ali@ofina.on.ca>
Subject: RE: OIC Total Amount for OFA Loans

Hi Siva,

I have checked the figures and I can confirm that the total OIC amount remains unchanged at $16,916,000.00 as at December 31, 2015.

Please let me know if you have any other questions.

Thank you,

Lenin

From: Siva Nathan
Sent: Tuesday, January 19, 2016 11:31 AM
To: Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>; Faran Ali <Faran.Ali@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans

Hi Lenin,

Could you please confirm the total OIC amounts for the loans advanced to the OFA by the Province under Credit Facilities as at December 31, 2015 is $16,916,000,000.?

Thanks

Siva

From: San Rajaratnam
Sent: Tuesday, January 19, 2016 9:59 AM
To: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans

Siva- could you check with CM for any changes as of Dec 31,2015?

San

From: Lenin Alvarez-Bravo
Sent: Tuesday, September 15, 2015 9:07 AM
To: Siva Nathan <Siva.Nathan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Subject: RE: OIC Total Amount for OFA Loans

Good morning Siva,

I have checked the figures and can confirm that total OIC amounts remain unchanged as at June 30, 2015.

Please let me know if you have any other questions.

Thank you,

Lenin

From: Siva Nathan
Sent: Monday, September 14, 2015 3:16 PM
To: Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans

Hi Lenin,

Could you please confirm the total OIC amount for the loans advanced to the OFA by the Province under Credit Facilities as at June 30, 2015 is $16,916,000,000.?

Thanks

Siva

From: San Rajaratnam
Sent: Thursday, July 23, 2015 10:02 AM
To: Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OIC Total Amount for OFA Loans

Hi Lenin,

Could you review the attached for any changes as of June 30,2015?

Thanks,

San

From: Lenin Alvarez-Bravo
Sent: Thursday, April 30, 2015 4:10 PM
To: San Rajaratnam
Cc: Siva Nathan; Sarah Harris
Subject: RE: OIC Total Amount for OFA Loans

Hi San,

I have review the file (and double checked with Martine on School Boards), there have been no changes to report.

Please let me know if you have any questions

Thank you,

Lenin

From: San Rajaratnam
Sent: Thursday, April 30, 2015 9:46 AM
To: Lenin Alvarez-Bravo
Cc: Siva Nathan; Sarah Harris
Subject: OIC Total Amount for OFA Loans

Hi Lenin,

For disclosure in the OFS's Mar 31, 2015 financial statements could you provide the updated numbers as of Mar 31, 2015?

Thanks,

San

From: San Rajaratnam
Sent: Friday, January 23, 2015 12:22 PM
To: Lenin Alvarez-Bravo
Cc: Siva Nathan
Subject: FW: OIC Total Amount for OFA Loans

Hi Lenin,

For disclosure in the OFS's Dec 31, 2014 financial statements could you provide the updated numbers as of Dec 31, 2014?

Thanks,

San

From: Lenin Alvarez-Bravo
Sent: Friday, November 14, 2014 9:25 AM
To: San Rajaratnam
Cc: Siva Nathan; Sarah Harris
Subject: RE: OIC Total Amount for OFA Loans

Good morning San,

I've reviewed the file now. Our records indicate that there have not been any changes and no new OICs since the last report.

Unfortunately we are not able to provide the breakdown at the bottom of the file. That information is with Corporate Finance, they should be able to provide a breakdown.

Thank you,

Lenin

From: San Rajaratnam
Sent: Wednesday, November 12, 2014 4:14 PM
To: Lenin Alvarez-Bravo
Cc: Siva Nathan
Subject: FW: OIC Total Amount for OFA Loans

Hi Lenin,

For disclosure in the OFS's Sep 30, 2014 financial statements could you provide the updated numbers as of Sep 30, 2014?

You provided us the attached file -information as of June 30,2014.

Thanks,

San

From: Siva Nathan
Sent: Wednesday, August 06, 2014 3:50 PM
To: Lenin Alvarez-Bravo

Cc: Siva Nathan
Subject: RE: OIC Total Amount for OFA Loans

Lenin,

Thanks for the information. I will use this for the June 30, 2014 financials.

I need following additional information:

1. Breakdown of the OIC indicating authority to advance to different Public Bodies (see attached Excel file)

2. Copies of all OICs'

This is not urgent. You can take your time.

Thanks

Siva

From: Lenin Alvarez-Bravo
Sent: Wednesday, August 06, 2014 3:07 PM
To: Bonnie Zhang; Siva Nathan
Cc: Martine Bell
Subject: RE: OIC Total Amount for OFA Loans

Hi Bonnie and Siva,

Please see the attached file. Please note highlighted in yellow 2 School Board Loan OICs added to the file.

Thank you,

Lenin

From: Bonnie Zhang
Sent: Thursday, July 17, 2014 3:11 PM
To: Lenin Alvarez-Bravo
Subject: OIC Total Amount for OFA Loans

Hi Lenin,

Could you confirm that there aren't any changes for the OIC total authorized amount for OFA loans since March 31, 2014? If there is a new OIC, could you let me know the amount? This is for the Q1 2014 OFA financial statements reporting.

Thanks,

Bonnie

OFA Loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

Min. Finance
Borrowing Bylaw
for the OFA

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Six Hundred and Fifty-six Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law in accordance with the Act and approved by the Minister of Finance;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2029;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan, provided that the maximum principal amount of the loan outstanding at any time shall not exceed Six Hundred and Fifty-six Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the interest rate paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the interest rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 1 1999

Date

Lieutenant Governor

Ontario

Executive Council
Conseil exécutif

O.C./Décret 1883/2006

I hereby certify that the attached is a true copy of an Order made on September 27, 2006, by His Lordship the Honourable Brian W. Lennox, Chief Justice of the Ontario Court of Justice, Administrator of the Government of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
September 28, 2006

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient:

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act:

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue certificates, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance:

AND WHEREAS the OFA wishes to borrow up to Eight Hundred Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act:

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Eight Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by November 1, 2032;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 25 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii) , once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended _____ Concurred _____
Minister of Finance Chair of Cabinet

Approved and Ordered SEP 27 2006
Date

Administrator of the Government

Ontario

Executive Council
Conseil exécutif

O.C./Décret 2144/2007

I hereby certify that the attached is a true copy of an Order made on December 19, 2007, by His Honour the Honourable David C. Onley, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
December 20, 2007

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient:

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act:

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue certificates, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance:

AND WHEREAS the OFA wishes to borrow up to $2.0 billion from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act:

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of $2.0 billion in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by December 1, 2037;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills as determined by the Province, provided

that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as determined by the Province immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding **25** basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended _____ Minister of Finance

Concurred _____ Chair of Cabinet

Approved and Ordered DEC 19 2007 Date

_____ Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to One Billion Eight Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of One Billion Eight Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by May 15, 2036;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

Certified to be a true copy
Deputy Clerk, Executive Council

O.C./Décret 300/2010

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted at the option of the OFA effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 45 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____
Minister of Finance

Concurred _____
Chair of Cabinet

Approved and Ordered

MAR 1 0 2010
Date

_____
Administrator of the Government

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to One Billion Seven Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of One Billion Seven Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by 2040;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

O.C./Décret 163/2012

Certified to be a true copy
Deputy Clerk, Executive Council

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted at the option of the OFA effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 53 basis points, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____
Minister of Finance

Concurred _____
Chair of Cabinet

Approved and Ordered

FEB 14 2012
Date

_____
Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Seven Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Seven Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by March 5, 2044;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full; and

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

Recommended _____ Concurred _____

Minister of Finance Chair of Cabinet

Approved and Ordered MAR 0 5 2014

Date

_____

Lieutenant Governor

Order in Council
Décret

...e Council
Conseil exécutif

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding One Billion Seven Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding One Billion Seven Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

O.C./Décret

2154/2008

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be

borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

6. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

7. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

DEC 19 2008

Date

Lieutenant Governor

Ontario

Executive Council
Conseil exécutif

O.C./Décret 678/2009

I hereby certify that the attached is a true copy of an Order made on April 29, 2009, by His Honour the Honourable David C. Onley, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
June 4, 2009

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding One Billion One Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding One Billion One Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

O.C./Décret 678/2009

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be

borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

6. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

7. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 9 2009

Date

Lieutenant Governor

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to section 21 of the *Capital Investment Plan Act, 1993*, the Lieutenant Governor in Council may raise by way of loan in the manner provided by the *Financial Administration Act* such sums as the Lieutenant Governor in Council considers necessary for the purposes of the *Capital Investment Plan Act, 1993*, and the sums so raised may be used to make advances to a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*, or applied by the Minister of Finance in the purchase of securities issued by such corporation;

AND WHEREAS the Ontario Financing Authority is a corporation established under subsection 2(1) of the *Capital Investment Plan Act, 1993*;

AND WHEREAS, for the purposes of the *Capital Investment Plan Act, 1993*, it is now considered necessary to authorize the borrowing of money, from time to time, in the manner provided by the *Financial Administration Act*, in an aggregate amount, as determined in accordance with section 26 of the *Financial Administration Act*, not exceeding Four Billion Three Hundred Million Dollars in lawful money of Canada by way of loan or by the issue and sale of securities of Ontario;

THEREFORE:

1. Pursuant to section 21 of the *Capital Investment Plan Act, 1993* and section 20 of the *Financial Administration Act*, as amended, the Minister of Finance is authorized to raise money for the purposes of the *Capital Investment Plan Act, 1993* by way of loan on the credit of the Consolidated Revenue Fund of Ontario in an aggregate amount determined in accordance with section 26 of the *Financial Administration Act*, as amended, and not exceeding Four Billion Three Hundred Million Dollars in lawful money of Canada:

(a) by the issue and sale from time to time of securities of Ontario; and

(b) by a loan or loans in the currency of Canada or of any other country or in any authorized composite monetary unit from a bank, corporation, government, person or authority repayable on demand or at a fixed time and raised by way of bank

overdraft, loan agreement or the giving of short-term security by Ontario as the Minister of Finance considers advisable and expedient.

2. Pursuant to subsection 20(6) of the *Financial Administration Act*, as amended, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Deputy Minister of Finance and any solicitor, who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance and Ministry of Revenue, holding office on the date of this Order or on any day thereafter.

3. Pursuant to subsection 35(1) of the *Capital Investment Plan Act, 1993*, for the purpose of borrowing the sum authorized by this Order, all of the powers of the Minister of Finance under subsection 20(1) of the *Financial Administration Act*, as amended, are delegated to each of the Chief Executive Officer, the Executive Director, Capital Markets Division, the Director, Finance and Reporting Division, any Director, Capital Markets Division and any Manager, Capital Markets Division, all of the Ontario Financing Authority, holding office on the date of this Order or any day thereafter.

4. Each of the securities and any interest coupons attached thereto issued under the authority of this Order shall be signed by any one of:

(a) the Minister of Finance;
(b) the Deputy Minister of Finance; or
(c) the Chief Executive Officer, the Executive Director, Capital Markets Division, or any Director, Capital Markets Division, all of the Ontario Financing Authority;

holding office on the date of this Order or on any day thereafter, or shall have engraved, lithographed, printed or otherwise mechanically reproduced thereon the signature of the Minister of Finance holding office on the date of this Order or on any day thereafter. Each of the securities, excluding any interest coupons attached thereto, shall be sealed with the seal of the Minister of Finance which may be engraved, lithographed, printed or otherwise mechanically reproduced thereon, and shall be authenticated by the fiscal agent or registrar appointed by Ontario or, where no fiscal agent or registrar is appointed, shall be authenticated or countersigned by any one of the Director, the Manager, Settlements, Payments and Fiscal Agency, or the Co-ordinator, Settlements, Payments and Fiscal Agency, all of the Finance and Reporting Division, Ontario Financing Authority, holding office on the date of this Order or on any day thereafter and, when so executed and either authenticated or countersigned, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said office between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

5. Where required by the terms of the securities in addition to being signed, sealed and authenticated as described in the previous paragraph, the securities shall also be effectuated by the signature of such person authorized by the Province of Ontario to act for such purpose, and when so executed and either authenticated or countersigned, and, if required, effectuated, the securities and any interest coupons attached thereto are binding upon Ontario notwithstanding any change in any of the persons holding the said offices between the date when the said signature is affixed and the date of delivery of the securities, and notwithstanding that the person whose signature is so affixed may not have held office at the date of the securities or at the date of the delivery thereof.

6. Any one of the Minister of Finance or any authorized officer named in subparagraphs 4(b) and (c) of this Order may certify in writing the amount that may be borrowed under the authority of this Order as of each date securities are issued and sold or money is borrowed by way of bank overdraft, loan agreement or the giving of short-term security hereunder and it is declared that such certificate shall be conclusive evidence of the amount that may be borrowed and shall be binding on Ontario in respect of each borrowing made in accordance with this Order and such certificate.

7. Each delegation made in this Order extends to each person from time to time holding an acting appointment to a position whose regular occupant is entitled to exercise the delegated authority.

8. The principal amount of and any interest on any security issued under this Order and the principal amount of and any interest on all money raised by way of loan under this Order shall be a charge on and payable out of the Consolidated Revenue Fund.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

MAY 2 9 2009

Date

Lieutenant Governor

OIC Summary

Regular Loans	
Under OIC 675/97 -	
Authorized:	$2,160,000,000
Repayment date:	August 31, 2027
Under OIC 767/99 -	
Authorized:	$656,000,000
Repayment date:	August 31, 2029
Under OIC 1883/2006 - SB Loans	
Authorized:	$800,000,000
Repayment date:	November 1, 2032
Under OIC 2144/2007	
Authorized:	$2,000,000,000
Repayment date:	December 1, 2037
Under OIC 300/2010	
Authorized:	$1,800,000,000
Repayment date:	May 15, 2036
Under OIC 163/2012	
Authorized:	$1,700,000,000
Repayment date:	Year 2040
Under OIC 354/2014	
Authorized:	$700,000,000
Repayment date:	March 5, 2044
Auto Loans	**Total OIC Amount**
OIC 2154/2008	$1,700,000,000
OIC 678/2009	$1,100,000,000
OIC 975/2009	$4,300,000,000
Total Amount	$16,916,000,000

School Board Loans	XXXXXXXXX
College Loans	XXXXX
Universities Loans	XXXX
Corporations Loans	XXX
Municipalities	X
	16,916,000.00

School Board Loans

School Board Loans

School Board Loans

	Amount Issued		Remaining Authority
$	1,700,000,000.00	$	-
$	480,818,602.74	$	619,181,397.26
$	1,983,345,267.75	$	2,316,654,732.25

From:	William Tan
To:	Sarah Harris
Subject:	FW: OFHP - Ontario Fair Hydro Plan,
Date:	Wednesday, June 14, 2017 3:26:48 PM
Attachments:	image001.png image002.png

fyi

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, June 14, 2017 2:57 PM

To: William Tan

Cc: Patrick Rundans (MOF) ; Tobias P. Whitfield (MOF)

Subject: RE: OFHP - Ontario Fair Hydro Plan,

Hi Will,

I think that in the case of the Province's loans to the OFA under the authority of this OIC, the interest rate payable by the OFA is set out as objectively as possible in the OIC.

Subparagraph (c)(i) sets out that the interest rate applicable is the yield earned on 90 day Province of Ontario treasury bills and if the loan advance is outstanding longer than 90 days, then it is reset.

Subparagraph (c)(ii) provides that if the OFA lends out the money to a third party public body (e.g. IESO), then the rate of interest that the OFA will pay to the Province during the period that the OFA-public body loan is outstanding is the interest rate that the OFA receives on that public body loan less the spread that is set by the Minister of Finance in the directive. So again this should be automatic and a straight forward calculation.

So I think that there is not a decision to be made, but more an implementation of what the OIC says.

S. 22 of CIPA does not have a provision that provides for delegation of the Minister of Finance's power in the OIC. Perhaps it would be better if it did have this provision so it would be clearer who actually exercises some of the day to day powers on behalf of the Minister. However, the OIC is drafted to set the terms of the borrowing including the interest rate as objectively as possible However, because of the lack of the delegation in the OIC, this is why the Minister of Finance determines the spread in the directive. Once the spread is determined it can't be adjusted except by the Minister.

If you would like to discuss this please let me know. Are there any difficulties arising as a result of this in terms of the directive. I have copied both Patrick and Toby here. Toby is the MOF Legal contact on the directive and the IESO loan.

Thanks.

Malle

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 2:05 PM
To: Hanslep, Malle (MOF)
Subject: FW: OFHP - Ontario Fair Hydro Plan,

Hi Malle,

Patrick is not in today. Question for you.

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Sent: Wednesday, June 14, 2017 2:00 PM

To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>

Subject: OFHP - Ontario Fair Hydro Plan,

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According to OFHP OIC, section C(ii) "…..

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Spread as set out above.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
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william.tan@ofina.on.ca

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Cc: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Best regards,

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Capital Markets Division | Ontario Financing Authority
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william.tan@ofina.on.ca

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From: William Tan
To: Sarah Harris
Subject: FW: OFHP IESO OFA Credit Agreement (draft)
Date: Thursday, June 22, 2017 9:58:38 PM

Hi Sarah,

I didn't have time to add in "the" in front of IESO. I wanted to get Toby a copy as soon as possible. I'll include it in a copy back to Lisa tomorrow.

Thanks,

Will

From: William Tan
Sent: Thursday, June 22, 2017 9:51 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFHP IESO OFA Credit Agreement (draft)

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From: William Tan
To: Tobias P. Whitfield (MOF)
Cc: Sarah Harris
Subject: FW: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date: Tuesday, June 20, 2017 2:28:13 PM

Hi Toby,
Currently short-term and medium term is not a defined term in the credit facility agreement.
Which would you suggest?
Option 1 (I know you haven't seen the agreement yet)– define the terms.
Short-term see Proceeds of funds subsection 2.
Medium-term see Section 2.4 Mandatory Repayment on September 30, 2022
Option 2 – Salman's suggestion.

From: Salman Qadir
Sent: Tuesday, June 20, 2017 2:14 PM
To: Tobias P. Whitfield (MOF) ; William Tan
Cc: Lisa Stein ; Sarah Harris ; Bruno Amara ; John Kim
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Hi Toby/all,
I had a quick chat with Bruno as well and it may be best to leave it a little open in an effort to remain consistent with what we know for now. We can suggest IESO provide some more details in this statement for clarity based on how they see the borrowings to occur.
Regards,
Salman

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, June 20, 2017 1:58 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
I agree with Salman, though I wonder if we should be more specific about what short to medium term means, or better to leave it open depending on circumstances?
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Hi William,
In being consistent with the Directive, I think the purpose of the credit facility can be written as follows, subject to any additional comments:

1) Proceeds of Advances may be used only for short to medium term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

I don't think subsection 2 applies. When sending this to IESO, I recommend that we highlight the entire section and have them confirm or provide further details, especially the reference to the 423/04 regulation.

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby and Salman,

May I ask both of your assistance in defining the use of proceeds from the IESO credit facility below?

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Toby, once Lisa has finished reviewing the IESO credit facility, I will implement her suggested changes and then circulate the draft for your review and comment.

Best regards,

Will Tan | *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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From: William Tan
To: Tobias P. Whitfield (MOF)
Cc: Malle Hanslep (MOF); Sarah Harris; Lisa Stein
Subject: FW: OFHP OFA Prom note (draft)
Date: Monday, June 19, 2017 10:20:22 AM
Attachments: OFHP OFA borrow from Province Prom Note (draft).rtf

---

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(g) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees

Commented [WT1]: Toby, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted?

that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 1st day of July, 2017.

Commented [WT2]: Toby, what date should we use?

Ontario Financing Authority

Per:
Gadi Mayman
Chief Executive Officer

From: Sarah Harris
To: William Tan
Subject: FW: OFHP OFA Prom note (draft)
Date: Monday, June 19, 2017 10:06:09 AM

Not sure there is a usual practice. You can send it to LSB at the same time and ask them to review.

From: Lisa Stein
Sent: Monday, June 19, 2017 10:05 AM
To: William Tan
Cc: Sarah Harris
Subject: RE: OFHP OFA Prom note (draft)

Hi William,

What is our usual practice regarding promissory notes? Should this first be reviewed by MOF Legal or do we usually review first?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 12:11 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFHP OFA Prom note (draft)

Hello Lisa,

Please find the attached OFHP OFA Promissory Note. Please review and provide any comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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From: William Tan
To: Tobias P. Whitfield (MOF)
Cc: Malle Hanslep (MOF); Sarah Harris; Lisa Stein
Subject: FW: OFHP OFA Prom note (draft)
Date: Monday, June 19, 2017 10:20:22 AM
Attachments: OFHP OFA borrow from Province Prom Note (draft).rtf

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Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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Date as of the 1st day of July, 2017.

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Ontario Financing Authority

Per:
Gadi Mayman
Chief Executive Officer

From:	Sarah Harris
To:	Tobias P. Whitfield (MOF)
Cc:	Lisa Stein; William Tan
Subject:	FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:06:42 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev (2 Toby) .doc

Hi Toby,

Thanks for your comments. We've included our answers to your 3 comments. Could you please also confirm you have no further comments on the Use of Proceeds?

Thanks,

Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Friday, June 23, 2017 2:24 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: William Tan <William.Tan@ofina.on.ca>

Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [TPW1]: Doesn't this also replace earlier facility, so for the existing purposes as well?

Commented [SH2R1]: This doesn't replace the existing facility (although the existing facility is being reduced from $975m to $475M). This is a new facility specifically purposed for the FHP.

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [WT4R3]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS5]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS6]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT7R6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH8]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

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Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS9]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS10]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT17]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS18]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS19]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT20]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS21]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

(3)(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4)(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5)(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.21 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.32 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.32 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS22]: Why was this changed? Appears redundant.

Commented [WT23R22]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS24R22]: Add back original language (pre-amendment)

Commented [LS25]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS26]: Deleted s. 7.1 as n/a in this context

Commented [WT27R26]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Commented [TPW28]: Wording?

Commented [SH29R28]: Agree. Need to add "or"

Commented [LS30]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [TPW31]: I don't know how this would operate in practice. I don't know anything about what kind of property IESO may have, or even if they have any real property beyond leases or personal property beyond office equipment etc… I think that this would be a question for IESO or the Ministry of Energy.

Commented [SH32R31]: OK. We can ask IESO.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~d~~c) ~~——~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS33]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS34]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS35]: N/A in context of IESO

Commented [WT36R35]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS37]: Change numbering throughout and references if applicable

Commented [SH38R37]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS39]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~e~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT40]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT41]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Salman Qadir
Cc:	Bruno Amara; John Kim; Lisa Stein; William Tan; Tobias P. Whitfield (MOF)
Subject:	FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:02:20 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc

Hi Salman,

As discussed, we've been drafting up to the 11th hour to try to get this to IESO by end of day today. We're still putting on the final touches, but if you wouldn't mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.

Thanks,

Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein
Cc: William Tan ; Tobias P. Whitfield (MOF)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

My apologies – in addition to the changes below, I noted one more change.

Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.

Thanks,

Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,

Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [SH5]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [SH6]: Changed per Carlos' description of how advance works and converstation with Lisa

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

Commented [SH7]: Think this should just be the Advance.

~~Advance;~~ (b~~c~~b) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (c~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH8]: Deleted (b), since this is reflected in (d)

Commented [LS9]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH10R9]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

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Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS11]: Fix formatting/numbering and amend any corresponding numbering.

The IESO will at all times maintain its corporate existence.

Commented [SH12R11]: Done

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS13]: Mof Legal to confirm relvant?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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Commented [LS14]: Change numbering throughout and references if applicable

Commented [SH15R14]: done

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~c~~) The new aggregate total ~~-~~amount of the ~~-~~proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~) The new Repayment Date, being a Business Day, ~~-~~applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH16]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Salman Qadir
Cc:	Bruno Amara; John Kim; Lisa Stein; William Tan; Tobias P. Whitfield (MOF)
Subject:	FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:02:20 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc

Hi Salman,

As discussed, we've been drafting up to the 11th hour to try to get this to IESO by end of day today. We're still putting on the final touches, but if you wouldn't mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.

Thanks,

Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein
Cc: William Tan ; Tobias P. Whitfield (MOF)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

My apologies – in addition to the changes below, I noted one more change.

Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.

Thanks,

Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,

Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [SH5]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [SH6]: Changed per Carlos' description of how advance works and converstation with Lisa

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

Commented [SH7]: Think this should just be the Advance.

~~Advance;~~ (b~~c~~b) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (c~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH8]: Deleted (b), since this is reflected in (d)

Commented [LS9]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH10R9]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

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Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS11]: Fix formatting/numbering and amend any corresponding numbering.

The IESO will at all times maintain its corporate existence.

Commented [SH12R11]: Done

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS13]: Mof Legal to confirm relvant?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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Commented [LS14]: Change numbering throughout and references if applicable

Commented [SH15R14]: done

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~c~~) The new aggregate total ~~-~~amount of the ~~-~~proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~) The new Repayment Date, being a Business Day, ~~-~~applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH16]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	William Tan
Subject:	FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 12:46:30 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance:	High

Hi Will,
Please call me.
647 278 9718
Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris
Cc: William Tan ; Tobias P. Whitfield (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,
Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.
Thank you,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS4]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT5R4]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH6]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS7]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS8]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS9]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT10R9]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS11R9]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short-Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS12]: Make sure definition updated.

Commented [WT13]:

Commented [WT14R13]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT15]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS16]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS17]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT18]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS19]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

(3)(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4)(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5)(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~2~~1 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.~~3~~2 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~3~~2 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS20]: Why was this changed? Appears redundant.

Commented [WT21R20]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS22R20]: Add back original language (pre-amendment)

Commented [LS23]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS24]: Deleted s. 7.1 as n/a in this context

Commented [WT25R24]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. “Past practice has been to included this language even if not relevant at the present time’. Our preference is to keep this.

Commented [LS26]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~d~~c) ~~——~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(d~~e~~) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS27]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS28]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS29]: N/A in context of IESO

Commented [WT30R29]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS31]: Change numbering throughout and references if applicable

Commented [SH32R31]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS33]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~e~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT34]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT35]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	William Tan
Subject:	FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 12:46:30 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance:	High

Hi Will,
Please call me.
647 278 9718
Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris
Cc: William Tan ; Tobias P. Whitfield (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,
Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.
Thank you,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS4]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT5R4]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH6]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS7]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS8]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS9]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT10R9]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS11R9]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short-Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS12]: Make sure definition updated.

Commented [WT13]:

Commented [WT14R13]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT15]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS16]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS17]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT18]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS19]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

(3)(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4)(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5)(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~2~~1 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.~~3~~2 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~3~~2 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS20]: Why was this changed? Appears redundant.

Commented [WT21R20]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS22R20]: Add back original language (pre-amendment)

Commented [LS23]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS24]: Deleted s. 7.1 as n/a in this context

Commented [WT25R24]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. “Past practice has been to included this language even if not relevant at the present time’. Our preference is to keep this.

Commented [LS26]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~d~~c) ~~——~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(d~~e~~) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS27]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS28]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS29]: N/A in context of IESO

Commented [WT30R29]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

Formatted: Centered

Formatted: Centered, Indent: First line: 0"

Formatted: Centered

Formatted: Centered, Indent: First line: 0"

Commented [LS31]: Change numbering throughout and references if applicable

Commented [SH32R31]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS33]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~e~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT34]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT35]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Tobias P. Whitfield (MOF)
Cc:	Lisa Stein; William Tan
Subject:	FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:06:42 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev (2 Toby) .doc

Hi Toby,

Thanks for your comments. We've included our answers to your 3 comments. Could you please also confirm you have no further comments on the Use of Proceeds?

Thanks,

Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Friday, June 23, 2017 2:24 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: William Tan <William.Tan@ofina.on.ca>

Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [TPW1]: Doesn't this also replace earlier facility, so for the existing purposes as well?

Commented [SH2R1]: This doesn't replace the existing facility (although the existing facility is being reduced from $975m to $475M). This is a new facility specifically purposed for the FHP.

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [WT4R3]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS5]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS6]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT7R6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH8]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

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Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS9]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS10]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT17]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS18]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS19]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT20]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS21]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

(3)(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4)(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5)(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.21 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.32 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.32 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS22]: Why was this changed? Appears redundant.

Commented [WT23R22]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS24R22]: Add back original language (pre-amendment)

Commented [LS25]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS26]: Deleted s. 7.1 as n/a in this context

Commented [WT27R26]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Commented [TPW28]: Wording?

Commented [SH29R28]: Agree. Need to add "or"

Commented [LS30]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [TPW31]: I don't know how this would operate in practice. I don't know anything about what kind of property IESO may have, or even if they have any real property beyond leases or personal property beyond office equipment etc… I think that this would be a question for IESO or the Ministry of Energy.

Commented [SH32R31]: OK. We can ask IESO.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~d~~c) ~~——~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS33]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS34]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS35]: N/A in context of IESO

Commented [WT36R35]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS37]: Change numbering throughout and references if applicable

Commented [SH38R37]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS39]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~e~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT40]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT41]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: William Tan
Subject: FW: OIC s22 CIPA - OFA-IESO
Date: Tuesday, June 06, 2017 3:03:49 PM
Attachments: 1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx
2 - CIPA - OIC s22 - OFA_FHP - LRC_CEO to DM (MOF Legal)_CEFD_v3_Clean.docx
3 - CIPA - OIC s22 - OFA_FHP - LRC_DM to Minister (MOF Legal)_CEFD_v3_Clean.docx
4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx

Hi Will,

This is for your information.

In addition to the Directive being prepared by Salman, an OIC is also required for the IESO FHP credit facility. Here are the background materials. You don't have to do anything with this.

Sarah

From: Gavin He
Sent: Friday, June 02, 2017 3:27 PM
To: Patrick Rundans (MOF)
Cc: John Kim ; Salman Qadir ; Bruno Amara ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF) ; Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick,

Please find attached the final version of the draft package. We will bring this over for your signature on the OIC once ready.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Thursday, June 01, 2017 5:25 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi all,
Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.
Thanks,
Gavin He

From: Bruno Amara
Sent: Wednesday, May 31, 2017 5:23 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,
As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.
Thanks
Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,
Hope your day is going well!
Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.
Thanks,
Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan
John Kim

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman
Ronald Kwan

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Bruno Amara
To:	Patrick Rundans (MOF)
Cc:	John Kim; Salman Qadir; Sarah Harris; Gavin He
Subject:	FW: OIC s22 CIPA - OFA-IESO
Date:	Wednesday, May 31, 2017 12:12:06 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm.doc 2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc 4 - CIPA OIC s.22 May 2017 (v.4) - ENG and FRE.docx

Hi Patrick

Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.

Thanks

Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF)
Cc: Sarah Harris ; John Kim ; Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick

Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047].

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA under which the OFA has provided loans and credit facilities to colleges, school boards and other public agencies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to expand the overall Minister of Finance lending authority to the OFA to allow the OFA to provide loans under credit facilities requested by the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the proposed Fair Hydro Act, 2017, under anticipated and potential timing differences in the implementation of the proposed Fair Hydro Plan.
    - The timing of this OIC is critical to ensure borrowing authority for the OFA is available to provide the IESO its requested financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to

the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset.
    - It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

- However, there is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any

time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.
  It is proposed that the OIC authorization be for $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.5 billion.
  - The OFA currently provides a credit facility to the IESO of $975 million.
  - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- As announced on March 2, 2017, and highlighted as a commitment in Budget 2017, the Province intends to implement the *Ontario Fair Hydro Plan Act, 2017,* which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the proposed *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the proposed *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the proposed *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Corporate and Electricity Finance Division
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
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Fax (416) 325-1595

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Bureau du
sous-ministre

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Tél (416) 325-1590
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Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

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IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

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The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047];

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31~~0~~ décembre~~juin~~ 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

To: Opal Kandelas
Subject: FW: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 8:58:06 AM
Attachments: 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister v2.doc

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Ministry of Finance
Office of the
Deputy Minister

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Ministère des Finances
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Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

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Under the mechanism in the proposed *Ontario Fair Hydro Plan Act, 2017*, the IESO would incur a funding shortfall as the IESO will not collect sufficient Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The IESO has requested a revolving credit facility to cover any such funding shortfalls if the financing entity to be established by OPG ("OPG SPV"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the proposed *Ontario Fair Hydro Plan Act, 2017.*

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

To: Opal Kandelas
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Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

To: Opal Kandelas
Subject: FW: OIC s22 CIPA - OFA-IESO
Date: Monday, May 29, 2017 1:54:41 PM

Hi Opal,
I haven't responded to Salman on this, but I had a word with Patrick and he will discuss this approach with Malle and Toby who are the "FHP folks". I pointed out the ambiguity in the note regarding "

From: Salman Qadir
Sent: Monday, May 29, 2017 1:25 PM
To: Sarah Harris
Cc: Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Sarah,
We have not contemplated a directive for the entire $3.5 billion. The IESO request is for $2 billion, and so it would not align if the Minister is directing a much larger amount.
The entire facility is to be used for in the case "…OPG SPV not purchase the regulatory asset". The contingency is in place in case things do not go according to plan – and if that does transpire, we may not have time for a new OIC to increase the amount. The use of the contingency would like trigger everyone to see what the next steps should while provide additional cover.
That being said, a Minister's directive is quicker to obtain than a new OIC, and so leaving some level of approval authority with the Minister was envisioned. This may change as we start to prepare a directive as well and get feedback from ADM/DMO as this OIC package gets their attention.
I hope that helps?

Regards,
Salman

From: Sarah Harris
Sent: Monday, May 29, 2017 1:13 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman,
I note that approval form talks about the directive being signed for $3.5b, but we had discussed that the Directive would be for $2 billion to match the credit facility.
I haven't seen the draft directive, however, it makes sense to me the directive would be for $3.5 billion, including wording to the effect that $2 billion is approved initially for the credit facility, with up to the additional $1.5 available to be approved by Minister should the OPG SPV not purchase the regulatory asset. Is something like this being contemplated?
Thanks,
Sarah

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P.

Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,

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Please let us know if you have any questions.

Thanks,

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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To: Opal Kandelas
Subject: FW: OIC s22 CIPA - OFA-IESO
Date: Monday, May 29, 2017 1:54:41 PM

Hi Opal,
I haven't responded to Salman on this, but I had a word with Patrick and he will discuss this approach with Malle and Toby who are the "FHP folks". I pointed out the ambiguity in the note regarding "

From: Salman Qadir
Sent: Monday, May 29, 2017 1:25 PM
To: Sarah Harris
Cc: Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Sarah,
We have not contemplated a directive for the entire $3.5 billion. The IESO request is for $2 billion, and so it would not align if the Minister is directing a much larger amount.
The entire facility is to be used for in the case "…OPG SPV not purchase the regulatory asset". The contingency is in place in case things do not go according to plan – and if that does transpire, we may not have time for a new OIC to increase the amount. The use of the contingency would like trigger everyone to see what the next steps should while provide additional cover.
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I hope that helps?

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To:	Opal Kandelas; Patrick Rundans (MOF)
Subject:	FW: OIC s22 CIPA - OFA-IESO
Date:	Monday, May 29, 2017 1:30:33 PM

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To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
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From: Sarah Harris
To: Opal Kandelas
Subject: FW: OIC s22 CIPA - OFA-IESO
Date: Monday, May 29, 2017 9:47:58 AM
Attachments: 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v3_MH-TPW-PR Comments (2).doc
2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM MH-PR(2).doc
3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister PR.doc
CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

HI Opal,
Before I left on Thursday evening, you had mentioned that you thought the OIC should be in the amount of $3 billion and not $3.5 billion. I was wondering if on Friday you had reached out to CEFD to discuss this?
The package is due tomorrow, so we would need to sort this out today.
Thanks,
Sarah

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LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the OFA in an amount of up to $3.5 billion. Under the proposed OIC, loan(s) could be advanced during the period ~~This authorization will be valid~~ between the effective date of the OIC and June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to allow the OFA to provide loans to the IESO and will help to fulfil the commitments under the proposed Fair Hydro Act, 2017. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed *Fair Hydro ~~Plan~~ Act, 2017*. [NTD: This is the name of the proposed Act – do we sometimes want to refer to the Fair Hydro Plan versus the Act?]

s. 2 Approach and Intended Outcomes

- Under CIPA, ~~T~~the OFA provides financing to public bodies ~~government entities~~ as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. ~~For the OFA to on-lend, the OFA borrows from the Province.~~ This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Fair Hydro Act, 2017*.

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct ~~T~~the OFA ~~will be required~~ to provide a revolving credit facility for ~~market~~ short term financing and liquidity purposes [NTD: is it for market liquidity purposes? Isn't it to cover any

shortfall?] related to the on-going *Fair Hydro Plan Act, 2017*. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- A key element of the proposed Fair Hydro Plan Act results in the IESO ~~to incurring a~~incurring a funding shortfall. This funding shortfall arises because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The Fair Hydro Plan allows the IESO to sell the right ~~[due to the deferral of collecting Global Adjustment amounts?]…[explain more accurately]. and The IESO unilaterally will selling that right~~ to recover ~~that~~those deferred amounts ~~shortfall~~ from specified consumers in the future ~~shortfall as an~~ (the "regulatory asset"). It is anticipated that the regulatory asset will be purchased by ~~to~~ the financing entity to be established by OPG ("OPG ~~Trust~~SPV") [NTD: My understanding is that it is expected to be a trust, but it is not certain yet and no benefit to narrowing here]. The proposed legislation does not require ~~compel~~ the OPG ~~Trust~~ SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event ~~if~~ that ~~for some reason~~ the OPG ~~Trust~~SPV, at any time, does ~~chooses~~ not ~~to~~ purchase a portion of the regulatory asset ~~deferred Global Adjustment amounts~~ under the proposed *Fair Hydro ~~Plan~~ Act, 2017*.~~.~~ This short-term financing may also be required before the OPG SPV is operating and before it has its own financing in place to purchase the regulatory asset.~~-~~

- IESO has ~~currently~~ requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the *Fair Hydro Act ~~Plan~~, 2017* implementation. The $2 billion request from IESO is based on current data which could change in order to maintain the *Fair Hydro ~~Plan~~ Act, 2017* and it is proposed that the OIC authorization be~~is~~ $3.5 billion ~~is~~ to ensure there is sufficient contingency in place once the implementation begins..

- For the OFA to accommodate this request, the OFA requires additional borrowing authority from the Minister of Finance to ensure that it has sufficient funds to lend~~can only on-lend funds borrowed from the Minister of Finance, which are authorized under an OIC,~~ hence this request for an OIC.

- The Minister of Finance will be required to provide a Directive to the OFA to direct it to make loans to the IESO in an amount not to exceed ~~for any loans made as a result of this OIC and will subject to the of~~ $3.5 billion. ~~set by this OIC.~~

s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and ~~on-~~lending capacity is instrumental in implementing the proposed Fair Hydro Plan.
- Subject to the approval of the Legislature of the *Fair Hydro Act, 2017*, t~~T~~he Fair Hydro Plan ~~Act are~~is expected to track for Cabinet approval by end of June 2017. [What is tracking to Cabinet? Not the legislation because it has already been approved by Cabinet? Is it regulations? What else?] It is expected that this OIC also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date. [can we get a copy?]

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Fair Hydro Act, 2017* ~~Plan~~ and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to. [Can we get a copy of this related note?]

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act* – ~~related to the proposed *Fair Hydro Act*~~**

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would~~will~~ allow the OFA to ~~on~~ lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation ~~as required under~~ of the Province's proposed *Fair Hydro Act*, *2017*, subject to the approval of the Legislature.

Under the mechanism in the proposed *Fair Hydro Act*, *2017*, the IESO would incur a funding shortfall because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. ~~as a result of [the deferral of the collection of Global Adjustment amounts related to clean energy costs.].~~ ~~t~~The IESO has requested ~~requires~~ a revolving credit facility to cover any such funding shortfalls ~~clean energy costs~~ if ~~for some reason~~ the financing entity to be established by OPG –("OPG SPV~~Trust~~"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the *Fair Hydro Act, 2017.*~~, . the deferred Global Adjustment amounts, .~~

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province~~;~~. ~~For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend.~~ This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA

to make the loan to the IESO, a direction from the Minister of Finance under CIPA will be required in future. [NTD: will this come forward in future after June 27th?]

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend ~~approve~~ the OIC. This OIC is on track to be considered~~approved~~ on June 27, 2017 together with proposed submission related to the proposed *Fair Hydro Act*, *2017*.

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act*~~related to the proposed Fair Hydro Act~~**

Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance ~~obtaining authorization~~ to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would~~will~~ allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of~~as required under~~ the Province's proposed *Fair Hydro Act, 2017.*

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Under the mechanism in the proposed *Fair Hydro Act, 2017*, the IESO would incur a funding shortfall because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The IESO has requested a revolving credit facility to cover any such funding shortfalls if the financing entity to be established by OPG ("OPG SPV"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the *Fair Hydro Act, 2017*.

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will be required in future.

~~Under the mechanism in the proposed *Fair Hydro Act*, the IESO requires a revolving credit facility to cover clean energy costs if for some reason the Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts. For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA.~~

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Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment
c. Gadi Mayman

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: Opal Kandelas
Subject: FW: OIC s22 CIPA - OFA-IESO
Date: Monday, May 29, 2017 9:47:58 AM
Attachments: 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v3_MH-TPW-PR Comments (2).doc
2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM MH-PR(2).doc
3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister PR.doc
CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

HI Opal,
Before I left on Thursday evening, you had mentioned that you thought the OIC should be in the amount of $3 billion and not $3.5 billion. I was wondering if on Friday you had reached out to CEFD to discuss this?
The package is due tomorrow, so we would need to sort this out today.
Thanks,
Sarah

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir ; Sarah Harris
Cc: Shajee Kathirgamanathan ; Bruno Amara ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,
The MOF Legal comments on the LRC note and draft memos are attached for your review. Also attached is an updated draft of the OIC to include the amount and repayment date.
Please let us know if you have any questions.
Thanks,
Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,
For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.
I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.
Will keep you posted on any further developments.
Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the OFA in an amount of up to $3.5 billion. Under the proposed OIC, loan(s) could be advanced during the period ~~This authorization will be valid~~ between the effective date of the OIC and June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to allow the OFA to provide loans to the IESO and will help to fulfil the commitments under the proposed Fair Hydro Act, 2017. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed *Fair Hydro ~~Plan~~ Act, 2017*. [NTD: This is the name of the proposed Act – do we sometimes want to refer to the Fair Hydro Plan versus the Act?]

s. 2 Approach and Intended Outcomes

- Under CIPA, ~~T~~the OFA provides financing to public bodies ~~government entities~~ as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. ~~For the OFA to on-lend, the OFA borrows from the Province.~~ This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Fair Hydro Act, 2017*.

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct ~~T~~the OFA ~~will be required~~ to provide a revolving credit facility for ~~market~~ short term financing and liquidity purposes [NTD: is it for market liquidity purposes? Isn't it to cover any

shortfall?] related to the on-going *Fair Hydro Plan Act, 2017*. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- A key element of the proposed Fair Hydro Plan Act results in the IESO ~~to incurring a~~incurring a funding shortfall. This funding shortfall arises because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The Fair Hydro Plan allows the IESO to sell the right ~~[due to the deferral of collecting Global Adjustment amounts?]…[explain more accurately]. and The IESO unilaterally will selling that right~~ to recover ~~that~~those deferred amounts ~~shortfall~~ from specified consumers in the future ~~shortfall as an~~ (the "regulatory asset"). It is anticipated that the regulatory asset will be purchased by ~~to~~ the financing entity to be established by OPG ("OPG ~~Trust~~SPV") [NTD: My understanding is that it is expected to be a trust, but it is not certain yet and no benefit to narrowing here]. The proposed legislation does not require ~~compel~~ the OPG ~~Trust~~ SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event ~~if~~ that ~~for some reason~~ the OPG ~~Trust~~SPV, at any time, does ~~chooses~~ not ~~to~~ purchase a portion of the regulatory asset ~~deferred Global Adjustment amounts~~ under the proposed *Fair Hydro ~~Plan~~ Act, 2017*.~~.~~ This short-term financing may also be required before the OPG SPV is operating and before it has its own financing in place to purchase the regulatory asset.~~-~~

- IESO has ~~currently~~ requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the *Fair Hydro Act ~~Plan~~, 2017* implementation. The $2 billion request from IESO is based on current data which could change in order to maintain the *Fair Hydro ~~Plan~~ Act, 2017* and it is proposed that the OIC authorization be~~is~~ $3.5 billion ~~is~~ to ensure there is sufficient contingency in place once the implementation begins..

- For the OFA to accommodate this request, the OFA requires additional borrowing authority from the Minister of Finance to ensure that it has sufficient funds to lend~~can only on-lend funds borrowed from the Minister of Finance, which are authorized under an OIC,~~ hence this request for an OIC.

- The Minister of Finance will be required to provide a Directive to the OFA to direct it to make loans to the IESO in an amount not to exceed ~~for any loans made as a result of this OIC and will subject to the of~~ $3.5 billion. ~~set by this OIC.~~

s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and ~~on-~~lending capacity is instrumental in implementing the proposed Fair Hydro Plan.
- Subject to the approval of the Legislature of the *Fair Hydro Act, 2017*, t~~T~~he Fair Hydro Plan ~~Act are~~is expected to track for Cabinet approval by end of June 2017. [What is tracking to Cabinet? Not the legislation because it has already been approved by Cabinet? Is it regulations? What else?] It is expected that this OIC also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date. [can we get a copy?]

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Fair Hydro Act, 2017* ~~Plan~~ and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to. [Can we get a copy of this related note?]

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act* – ~~related to the proposed *Fair Hydro Act*~~**

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would~~will~~ allow the OFA to ~~on~~ lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation ~~as required under~~ of the Province's proposed *Fair Hydro Act*, *2017*, subject to the approval of the Legislature.

Under the mechanism in the proposed *Fair Hydro Act*, *2017*, the IESO would incur a funding shortfall because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. ~~as a result of [the deferral of the collection of Global Adjustment amounts related to clean energy costs.].~~ ~~t~~The IESO has requested ~~requires~~ a revolving credit facility to cover any such funding shortfalls ~~clean energy costs~~ if ~~for some reason~~ the financing entity to be established by OPG –("OPG SPV~~Trust~~"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the *Fair Hydro Act, 2017.*~~, . the deferred Global Adjustment amounts, .~~

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province~~;~~. ~~For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend.~~ This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA

to make the loan to the IESO, a direction from the Minister of Finance under CIPA will be required in future. [NTD: will this come forward in future after June 27th?]

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend ~~approve~~ the OIC. This OIC is on track to be considered~~approved~~ on June 27, 2017 together with proposed submission related to the proposed *Fair Hydro Act*, *2017*.

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act*~~related to the proposed Fair Hydro Act~~**

Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance ~~obtaining authorization~~ to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would~~will~~ allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of~~as required under~~ the Province's proposed *Fair Hydro Act, 2017.*

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Under the mechanism in the proposed *Fair Hydro Act, 2017*, the IESO would incur a funding shortfall because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The IESO has requested a revolving credit facility to cover any such funding shortfalls if the financing entity to be established by OPG ("OPG SPV"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the *Fair Hydro Act, 2017*.

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will be required in future.

~~Under the mechanism in the proposed *Fair Hydro Act*, the IESO requires a revolving credit facility to cover clean energy costs if for some reason the Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts. For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA.~~

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Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment
c. Gadi Mayman

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: William Tan
Subject: FW: OIC s22 CIPA - OFA-IESO
Date: Tuesday, June 06, 2017 3:03:49 PM
Attachments: 1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx
2 - CIPA - OIC s22 - OFA_FHP - LRC_CEO to DM (MOF Legal)_CEFD_v3_Clean.docx
3 - CIPA - OIC s22 - OFA_FHP - LRC_DM to Minister (MOF Legal)_CEFD_v3_Clean.docx
4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx

Hi Will,

This is for your information.

In addition to the Directive being prepared by Salman, an OIC is also required for the IESO FHP credit facility. Here are the background materials. You don't have to do anything with this.

Sarah

From: Gavin He
Sent: Friday, June 02, 2017 3:27 PM
To: Patrick Rundans (MOF)
Cc: John Kim ; Salman Qadir ; Bruno Amara ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF) ; Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick,

Please find attached the final version of the draft package. We will bring this over for your signature on the OIC once ready.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Thursday, June 01, 2017 5:25 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi all,
Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.
Thanks,
Gavin He

From: Bruno Amara
Sent: Wednesday, May 31, 2017 5:23 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,
As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.
Thanks
Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,
Hope your day is going well!
Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.
Thanks,
Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

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LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan
John Kim

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman
Ronald Kwan

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Sarah Harris
To:	Opal Kandelas
Subject:	FW: OIC s22 CIPA - OFA-IESO
Date:	Tuesday, June 06, 2017 3:02:40 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx 2 - CIPA - OIC s22 - OFA_FHP - LRC_CEO to DM (MOF Legal)_CEFD_v3_Clean.docx 3 - CIPA - OIC s22 - OFA_FHP - LRC_DM to Minister (MOF Legal)_CEFD_v3_Clean.docx 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx

Hi Opal,
Here is the final OIC package for your enjoyment and perusal (insert eye roll here).
Thanks,
Sarah

From: Gavin He
Sent: Friday, June 02, 2017 3:27 PM
To: Patrick Rundans (MOF)
Cc: John Kim ; Salman Qadir ; Bruno Amara ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF) ; Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
Hi Patrick,
Please find attached the final version of the draft package. We will bring this over for your signature on the OIC once ready.
Thanks,
Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Thursday, June 01, 2017 5:25 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.
Patrick
Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460
This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you.

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO
Hi all,

Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.
Thanks,
Gavin He

From: Bruno Amara
Sent: Wednesday, May 31, 2017 5:23 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,
As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.
Thanks
Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,
Hope your day is going well!
Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.
Thanks,
Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan
John Kim

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman
Ronald Kwan

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Sarah Harris
To:	Opal Kandelas
Subject:	FW: OIC s22 CIPA - OFA-IESO
Date:	Tuesday, June 06, 2017 3:02:40 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx 2 - CIPA - OIC s22 - OFA_FHP - LRC_CEO to DM (MOF Legal)_CEFD_v3_Clean.docx 3 - CIPA - OIC s22 - OFA_FHP - LRC_DM to Minister (MOF Legal)_CEFD_v3_Clean.docx 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx

Hi Opal,
Here is the final OIC package for your enjoyment and perusal (insert eye roll here).
Thanks,
Sarah

From: Gavin He
Sent: Friday, June 02, 2017 3:27 PM
To: Patrick Rundans (MOF)
Cc: John Kim ; Salman Qadir ; Bruno Amara ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF) ; Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
Hi Patrick,
Please find attached the final version of the draft package. We will bring this over for your signature on the OIC once ready.
Thanks,
Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Thursday, June 01, 2017 5:25 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.
Patrick
Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460
This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you.

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO
Hi all,

Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.
Thanks,
Gavin He

From: Bruno Amara
Sent: Wednesday, May 31, 2017 5:23 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,
As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.
Thanks
Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,
Hope your day is going well!
Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.
Thanks,
Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

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LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan
John Kim

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
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Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman
Ronald Kwan

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Bruno Amara
To:	Patrick Rundans (MOF); Sarah Harris; Salman Qadir
Cc:	Gavin He; John Kim
Subject:	FW: OIC s22 CIPA - OFA-IESO
Date:	Wednesday, May 31, 2017 5:23:16 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm.doc 2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc 4 - CIPA OIC s.22 May 2017 (v.4) - ENG and FRE.docx

Hi All,

As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.

Thanks

Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

Hope your day is going well!

Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]

Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047].

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA under which the OFA has provided loans and credit facilities to colleges, school boards and other public agencies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the overall Minister of Finance lending authority to the OFA to allow the OFA to provide loans under credit facilities requested by the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the proposed Fair Hydro Act, 2017, under anticipated and potential timing differences in the implementation of the proposed Fair Hydro Plan.
    - The timing of this OIC is critical to ensure borrowing authority for the OFA is available to provide the IESO its requested financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to

the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any

time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorization be for $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.5 billion.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the proposed *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Corporate and Electricity Finance Division
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047];

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Bruno Amara
To:	Patrick Rundans (MOF); Sarah Harris; Salman Qadir
Cc:	Gavin He; John Kim
Subject:	FW: OIC s22 CIPA - OFA-IESO
Date:	Wednesday, May 31, 2017 5:23:16 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm.doc 2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc 4 - CIPA OIC s.22 May 2017 (v.4) - ENG and FRE.docx

Hi All,

As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.

Thanks

Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

Hope your day is going well!

Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]

Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047].

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA under which the OFA has provided loans and credit facilities to colleges, school boards and other public agencies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the overall Minister of Finance lending authority to the OFA to allow the OFA to provide loans under credit facilities requested by the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the proposed Fair Hydro Act, 2017, under anticipated and potential timing differences in the implementation of the proposed Fair Hydro Plan.
    - The timing of this OIC is critical to ensure borrowing authority for the OFA is available to provide the IESO its requested financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to

the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any

time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorization be for $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.5 billion.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the proposed *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Corporate and Electricity Finance Division
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047];

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: William Tan
Subject: FW: OIC s22 CIPA - OFA-IESO
Date: Wednesday, May 31, 2017 1:17:21 PM
Attachments: 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm.doc
2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc
3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc
4 - CIPA OIC s.22 May 2017 (v.4) - ENG and FRE.docx

Hi Will,
Here is some background information on the OIC for the new IESO credit facilty.
Sarah

From: Bruno Amara
Sent: Wednesday, May 31, 2017 12:12 PM
To: Patrick Rundans (MOF)
Cc: John Kim ; Salman Qadir ; Sarah Harris ; Gavin He
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047].

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA under which the OFA has provided loans and credit facilities to colleges, school boards and other public agencies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to expand the overall Minister of Finance lending authority to the OFA to allow the OFA to provide loans under credit facilities requested by the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the proposed Fair Hydro Act, 2017, under anticipated and potential timing differences in the implementation of the proposed Fair Hydro Plan.
    - The timing of this OIC is critical to ensure borrowing authority for the OFA is available to provide the IESO its requested financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to

the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset.
    - It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

- However, there is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any

time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.
  It is proposed that the OIC authorization be for $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.5 billion.
  - The OFA currently provides a credit facility to the IESO of $975 million.
  - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- As announced on March 2, 2017, and highlighted as a commitment in Budget 2017, the Province intends to implement the *Ontario Fair Hydro Plan Act, 2017,* which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the proposed *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the proposed *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the proposed *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Corporate and Electricity Finance Division
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047];

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31~~0~~ décembre~~juin~~ 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: William Tan
Subject: FW: OIC s22 CIPA - OFA-IESO
Date: Wednesday, May 31, 2017 1:17:21 PM
Attachments: 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm.doc
2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc
3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc
4 - CIPA OIC s.22 May 2017 (v.4) - ENG and FRE.docx

Hi Will,
Here is some background information on the OIC for the new IESO credit facilty.
Sarah

From: Bruno Amara
Sent: Wednesday, May 31, 2017 12:12 PM
To: Patrick Rundans (MOF)
Cc: John Kim ; Salman Qadir ; Sarah Harris ; Gavin He
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047].

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA under which the OFA has provided loans and credit facilities to colleges, school boards and other public agencies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to expand the overall Minister of Finance lending authority to the OFA to allow the OFA to provide loans under credit facilities requested by the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the proposed Fair Hydro Act, 2017, under anticipated and potential timing differences in the implementation of the proposed Fair Hydro Plan.
    - The timing of this OIC is critical to ensure borrowing authority for the OFA is available to provide the IESO its requested financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to

the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset.
    - It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

- However, there is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any

time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.
  It is proposed that the OIC authorization be for $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.5 billion.
  - The OFA currently provides a credit facility to the IESO of $975 million.
  - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- As announced on March 2, 2017, and highlighted as a commitment in Budget 2017, the Province intends to implement the *Ontario Fair Hydro Plan Act, 2017,* which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the proposed *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the proposed *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the proposed *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Corporate and Electricity Finance Division
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
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Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047];

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31~~0~~ décembre~~juin~~ 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Bruno Amara
To:	Patrick Rundans (MOF)
Cc:	John Kim; Salman Qadir; Sarah Harris; Gavin He
Subject:	FW: OIC s22 CIPA - OFA-IESO
Date:	Wednesday, May 31, 2017 12:12:06 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm.doc 2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc 4 - CIPA OIC s.22 May 2017 (v.4) - ENG and FRE.docx

Hi Patrick

Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.

Thanks

Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF)
Cc: Sarah Harris ; John Kim ; Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick

Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047].

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA under which the OFA has provided loans and credit facilities to colleges, school boards and other public agencies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to expand the overall Minister of Finance lending authority to the OFA to allow the OFA to provide loans under credit facilities requested by the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the proposed Fair Hydro Act, 2017, under anticipated and potential timing differences in the implementation of the proposed Fair Hydro Plan.
    - The timing of this OIC is critical to ensure borrowing authority for the OFA is available to provide the IESO its requested financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to

the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset.
    - It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

- However, there is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any

time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.
  It is proposed that the OIC authorization be for $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.5 billion.
  - The OFA currently provides a credit facility to the IESO of $975 million.
  - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- As announced on March 2, 2017, and highlighted as a commitment in Budget 2017, the Province intends to implement the *Ontario Fair Hydro Plan Act, 2017,* which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the proposed *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the proposed *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the proposed *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Corporate and Electricity Finance Division
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
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Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047];

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31~~0~~ décembre~~juin~~ 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

To:	Patrick Rundans (MOF); Salman Qadir
Subject:	FW: OIC s22 CIPA - OFA-IESO
Date:	Thursday, June 08, 2017 1:12:47 PM
Attachments:	LRC Approval Form (MOF Legal Comments).docx CEO to DM (MOF Legal).docx DM to Minister (MOF Legal).docx CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx

Hi Salman and Patrick,

I just wanted to flag something that I've noticed from the . The letter for the credit facility request states a expiry of the new FHP credit facility agreement for 5 years. The OIC is for 30 years. This OIC is maturity based on similar OFA OICs permitting the OFA to borrow from the Minister and to onlend to third parties.

I'm not sure if there is a rationale for ha

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Thursday, June 01, 2017 5:25 PM

To: Gavin He ; Sarah Harris

Cc: John Kim ; Salman Qadir ; Bruno Amara ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)

Subject: RE: OIC s22 CIPA - OFA-IESO

The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi all,

Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.

Thanks,

Gavin He

From: Bruno Amara

Sent: Wednesday, May 31, 2017 5:23 PM

To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,

As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates

affected the first three attached documents but not the 4th , i.e., the OIC.
Thanks
Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO
Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com[blackberry.com])

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,
Hope your day is going well!
Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.
Thanks,
Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO
I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com[blackberry.com])

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.

Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,
As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.
I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.
Thank you,
Salman

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LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by ~~[~~December 31, 2047~~]~~.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA ~~under which~~, and in turn ~~-~~the OFA has provided loans and credit facilities to colleges, school boards and other public bodies ~~agencies~~ such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the ~~overall~~authority of the Minister of Finance ~~lending authority~~ to lend to the OFA ~~to allow~~ which will provide the OFA with the capacity to provide loans ~~under credit facilities requested by~~to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017*~~, under anticipated and potential timing differences~~ as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under ~~upon the enactment of~~ the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the

Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the ~~ on-going~~ *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. At certain times Global Adjustment amounts ~~initially~~ collected from ratepayers will~~, therefore,~~ be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* ~~allows~~gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to finance that ~~asset~~deferral.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC ~~authorization be for~~authorize the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.05 ~~5~~ billion.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister ~~will be required that will~~may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. At certain times, Global Adjustment amounts ~~initially~~ collected from ratepayers will ~~, therefore,~~ be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives~~allows~~ the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to finance that deferral~~that asset~~. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Corporate and Electricity Finance Division
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
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Ministère des Finances
Bureau du
sous-ministre

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Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. At certain times, Global Adjustment amounts ~~initially~~ collected from ratepayers will~~, therefore,~~ be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives~~allows~~ the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to finance that deferral ~~that asset~~. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Sarah Harris
To:	Opal Kandelas
Subject:	FW: Prom Notes
Date:	Monday, June 12, 2017 1:05:46 PM
Attachments:	767 - 99 and 675 -97.pdf

FYI – we're on the search for a prom note.

From: Sarah Harris
Sent: Monday, June 12, 2017 12:26 PM
To: Malle Hanslep (MOF) ; Sarah Neville
Subject: Prom Notes

Hi Sarah and Malle,

As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC. Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.

Would you have any record of this prom note having been executed?

Thanks,

Sarah

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

Corp. Finance
Borrowing Bylaw
for the OFA

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Six Hundred and Fifty-six Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law in accordance with the Act and approved by the Minister of Finance;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2029;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan, provided that the maximum principal amount of the loan outstanding at any time shall not exceed Six Hundred and Fifty-six Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the interest rate paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the interest rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 1 1999

Date

Lieutenant Governor

Ministry of Finance

Office of the Minister

Frost Building South
7 Queen' s Park Cres.
Toronto ON M7A 1Y7
Tel: (416) 325-0400
Fax: (416) 325-0374

Ministère des Finances

Bureau du ministre

Edifice Frost sud
7 Queen' s Park Cres.
Toronto ON M7A 1Y7
Tél: (416) 325-0400
Téléc: (416) 325-0374

Ontario

February 22, 1999

MEMORANDUM TO: The Honourable Ernie Eves
Minister of Finance

SUBJECT: **Ontario Financing Authority 1999-2000 Borrowing OIC**

Attached for your approval and signature is an Order in Council (OIC) authorizing the Province to lend up to $656 Million to the Ontario Financing Authority ("OFA").

The amount authorized to be borrowed by the OFA from the Province will provide financing to Ontario Housing Corporation, Ontario Northland Transportation Commission and other public bodies. The borrowed funds can only be on-lent to these public bodies by the OFA for projects that have received approval from Management Board of Cabinet or the Minister of Finance or for specific lines of credit for cash management purposes.

The attached material contains supporting briefing notes and schedules. Staff are available to brief you should you have any questions regarding the OIC.

If you approve this request, will you please sign the proposed OIC so that it may be place on the agenda for the Cabinet meeting scheduled for March 10, 1999.

Bryne Purchase
Deputy Minister

ONTARIO FINANCING AUTHORITY

Issue:

An Order in Council (OIC) authorizing the Ontario Financing Authority (OFA) to borrow up to $656 million from the Province.

Comments:

- The OIC for $656 million will fund the OFA's lending requirements for the 1999/2000 fiscal year.

- The $656 million will be loaned to meet Government committments to Ontario Housing Corporation, Ontario Northland Transportation Commission and other public bodies as per attached schedule showing the projected use of funds for these organizations as well as the previous fiscal year advances.

- The OFA lends funds to public bodies, as an intermediary of the Province subject to the conditions and restrictions of the OFA Lending Policy.

- The OFA Lending Policy requires that the OFA Board approve an annual borrowing plan for the OFA that identifies;

  (i) the OFA's borrowing requirements for the year from the Province and any other sources; and

  (ii) the projects or purposes for which the borrowed funds will be used, including loans to public bodies for specific projects and contingencies.

- All necessary OFA Board and Management Board approvals must be in place before the OFA will execute this borrowing authority and on-lend funds to any government agency.

- Interest will be paid by the OFA to the Province under one of the following rates:

  - the Provincial 90-day Treasury Bill rate,
  - the rates charged by OFA on the corresponding loans by the OFA to government agencies, or
  - less 25 basis points on the said loans.

  This flexibility will allow the OFA to match the terms of the loan from the Province to the terms of the loans made by the OFA to government agencies.

RECOMMENDATION:

- Approval of the OIC authorizing a loan up to $656 million to the OFA.

Tony Salerno
Gadi Mayman
Linda Smith (5-8142)/Irene Stich (5-8053)
Capital Markets Division
February 18,1999

Irene

1999-00 REVIEW OF OFA LENDING POLICY: FOR OFA LENDING UNDERTAKEN as an INTERMEDIARY of the PROVINCE

Issue

- Review of the OFA Lending Policy for lending activities undertaken where the OFA is acting as an intermediary of the Province.

Recommendation

- It is recommended that the OFA Board make no changes to the current OFA Lending Policy for the year 1999-00. No amendments are required to the Lending Policy since it still accurately reflects the lending activities of the OFA, and no change is anticipated in those lending activities.

Background

- Under the current Lending Policy, the OFA:

  (i) does not lend to public bodies, other than as an intermediary of the Province, without the prior approval of the OFA Board;

  (ii) advances loans to Crown Agencies and Other Public Bodies where the Province supports the provision of Provincial financing and it is advantageous to the Province for the OFA to provide the loan; and

  (iii) does not receive a fee from the Province or earn a profit for lending activities where it is acting as an intermediary on behalf of the Province.

- The Lending Policy requires that an annual borrowing plan for the OFA be provided to the OFA Board for approval along with a report outlining the status of all loans outstanding.

- Where Cabinet, Management Board of Cabinet or the Minister of Finance requests the OFA to advance a loan to a public body or authorizes the public body to borrow from the OFA, no further OFA Board approval is required.

- Where the Province has approved Provincial financing to a public body without specifying the role of the OFA, the OFA will advance the loan if:

  – the CEO of the OFA and the Director of Corporate Finance or a committee of the OFA Board or the Board has authorized the OFA to advance the loan; and

- there is sufficient allocation for the loan in the annual borrowing plan.

- The OFA will adhere to the lending terms and conditions outlined in the Lending Policy unless otherwise requested by Cabinet, Management Board of Cabinet or the Minister of Finance.

Bill Ralph (5-8057)/John McKendrick (5-9815)/Sophie Léger (5-9817)
Ontario Financing Authority
February 15, 1999

Total OFA Loans Outstanding

Borrower & Project	As of December 31, 1998 ($ million)		
	Principal Advanced	Accrued Interest	Total Outstanding
City of Toronto [1] Restructuring	100.0	0.0	100.0
City of Windsor Joint Justice Facility	16.8	0.7	17.5
Metropolitan Toronto Convention Centre [2] Convention Centre Expansion	137.4	16.0	153.4
Ontario Northland Transportation Commission Rails Cars and Spur Line	13.6	0.0	13.6
Ontario Science Centre OMNIMAX Theatre	1.6	0.0	1.6
Ontario Transportation Capital Corporation [3] Highway 407	1,400.3	106.7	1,507.0
Ontario Housing Corporation Prepayment of CMHC Debentures	0.0	0.0	0.0
Contingency Amount [4] As Required and Approved	0.0	0.0	0.0
Total	**1,669.7**	**123.4**	**1,793.1**

1. City of Toronto loan expected to be assigned to MMAH in March 1999; second $100 M will be provided by MMAH.
2. Refinancing of a portion of the MTCC loan is expected in April 1999.
3. Sales proceeds for the Highway 407 are expected in May 1999.
4. Use of Contingency amount is subject to the approvals required in the OFA lending policy.

Ontario Financing Authority, Corporate Finance Division
February 10, 1999
H:\ofa\1999-00 by-law\borrowing&onlending plan 99-00 2.wpd

OFA loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of;

(i) Two Billion One Hundred and Sixty Million Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires;

(b) the Borrower shall be entitled to repay Advances plus accrued interest either in whole or in part and at such time or times as it determines provided that all Advances plus accrued interest shall be fully repaid by August 31, 2027;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Fifty-Five Million Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned may be adjusted at the option of the Borrower effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less 25 basis points,

rather than the rate specified in subparagraph (i), until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full; and

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Dated this day of , 1997.

Ontario Financing Authority

per:_____
Executive Director

ADVANCES OF PRINCIPAL

TKT #	DOC #	TRADE DATE	INT RESET DATE	# DAYS	INT. REF: T-Bill or OFA Loan or OFA Loan less 25 bps	INT RATE	ADVANCE	ACCRUED INT.	TOTAL ADVANCES

From:	Sarah Harris
To:	Opal Kandelas
Subject:	FW: Prom Notes
Date:	Monday, June 12, 2017 1:05:46 PM
Attachments:	767 - 99 and 675 -97.pdf

FYI – we're on the search for a prom note.

From: Sarah Harris
Sent: Monday, June 12, 2017 12:26 PM
To: Malle Hanslep (MOF) ; Sarah Neville
Subject: Prom Notes

Hi Sarah and Malle,

As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC. Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.

Would you have any record of this prom note having been executed?

Thanks,

Sarah

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

Corp. Finance
Borrowing Bylaw
for the OFA

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Six Hundred and Fifty-six Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law in accordance with the Act and approved by the Minister of Finance;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2029;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan, provided that the maximum principal amount of the loan outstanding at any time shall not exceed Six Hundred and Fifty-six Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the interest rate paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the interest rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 1 1999

Date

Lieutenant Governor

Ministry of Finance

Office of the Minister

Frost Building South
7 Queen' s Park Cres.
Toronto ON M7A 1Y7
Tel: (416) 325-0400
Fax: (416) 325-0374

Ministère des Finances

Bureau du ministre

Edifice Frost sud
7 Queen' s Park Cres.
Toronto ON M7A 1Y7
Tél: (416) 325-0400
Téléc: (416) 325-0374

Ontario

February 22, 1999

MEMORANDUM TO: The Honourable Ernie Eves
Minister of Finance

SUBJECT: **Ontario Financing Authority 1999-2000 Borrowing OIC**

Attached for your approval and signature is an Order in Council (OIC) authorizing the Province to lend up to $656 Million to the Ontario Financing Authority ("OFA").

The amount authorized to be borrowed by the OFA from the Province will provide financing to Ontario Housing Corporation, Ontario Northland Transportation Commission and other public bodies. The borrowed funds can only be on-lent to these public bodies by the OFA for projects that have received approval from Management Board of Cabinet or the Minister of Finance or for specific lines of credit for cash management purposes.

The attached material contains supporting briefing notes and schedules. Staff are available to brief you should you have any questions regarding the OIC.

If you approve this request, will you please sign the proposed OIC so that it may be place on the agenda for the Cabinet meeting scheduled for March 10, 1999.

Bryne Purchase
Deputy Minister

ONTARIO FINANCING AUTHORITY

Issue:

An Order in Council (OIC) authorizing the Ontario Financing Authority (OFA) to borrow up to $656 million from the Province.

Comments:

- The OIC for $656 million will fund the OFA's lending requirements for the 1999/2000 fiscal year.

- The $656 million will be loaned to meet Government committments to Ontario Housing Corporation, Ontario Northland Transportation Commission and other public bodies as per attached schedule showing the projected use of funds for these organizations as well as the previous fiscal year advances.

- The OFA lends funds to public bodies, as an intermediary of the Province subject to the conditions and restrictions of the OFA Lending Policy.

- The OFA Lending Policy requires that the OFA Board approve an annual borrowing plan for the OFA that identifies;

  (i) the OFA's borrowing requirements for the year from the Province and any other sources; and

  (ii) the projects or purposes for which the borrowed funds will be used, including loans to public bodies for specific projects and contingencies.

- All necessary OFA Board and Management Board approvals must be in place before the OFA will execute this borrowing authority and on-lend funds to any government agency.

- Interest will be paid by the OFA to the Province under one of the following rates:

  - the Provincial 90-day Treasury Bill rate,
  - the rates charged by OFA on the corresponding loans by the OFA to government agencies, or
  - less 25 basis points on the said loans.

  This flexibility will allow the OFA to match the terms of the loan from the Province to the terms of the loans made by the OFA to government agencies.

RECOMMENDATION:

- Approval of the OIC authorizing a loan up to $656 million to the OFA.

Tony Salerno
Gadi Mayman
Linda Smith (5-8142)/Irene Stich (5-8053)
Capital Markets Division
February 18,1999

Irene

1999-00 REVIEW OF OFA LENDING POLICY: FOR OFA LENDING UNDERTAKEN as an INTERMEDIARY of the PROVINCE

Issue

- Review of the OFA Lending Policy for lending activities undertaken where the OFA is acting as an intermediary of the Province.

Recommendation

- It is recommended that the OFA Board make no changes to the current OFA Lending Policy for the year 1999-00. No amendments are required to the Lending Policy since it still accurately reflects the lending activities of the OFA, and no change is anticipated in those lending activities.

Background

- Under the current Lending Policy, the OFA:

  (i) does not lend to public bodies, other than as an intermediary of the Province, without the prior approval of the OFA Board;

  (ii) advances loans to Crown Agencies and Other Public Bodies where the Province supports the provision of Provincial financing and it is advantageous to the Province for the OFA to provide the loan; and

  (iii) does not receive a fee from the Province or earn a profit for lending activities where it is acting as an intermediary on behalf of the Province.

- The Lending Policy requires that an annual borrowing plan for the OFA be provided to the OFA Board for approval along with a report outlining the status of all loans outstanding.

- Where Cabinet, Management Board of Cabinet or the Minister of Finance requests the OFA to advance a loan to a public body or authorizes the public body to borrow from the OFA, no further OFA Board approval is required.

- Where the Province has approved Provincial financing to a public body without specifying the role of the OFA, the OFA will advance the loan if:

  – the CEO of the OFA and the Director of Corporate Finance or a committee of the OFA Board or the Board has authorized the OFA to advance the loan; and

- there is sufficient allocation for the loan in the annual borrowing plan.

- The OFA will adhere to the lending terms and conditions outlined in the Lending Policy unless otherwise requested by Cabinet, Management Board of Cabinet or the Minister of Finance.

Bill Ralph (5-8057)/John McKendrick (5-9815)/Sophie Léger (5-9817)
Ontario Financing Authority
February 15, 1999

Total OFA Loans Outstanding

Borrower & Project	As of December 31, 1998 ($ million)		
	Principal Advanced	Accrued Interest	Total Outstanding
City of Toronto [1] Restructuring	100.0	0.0	100.0
City of Windsor Joint Justice Facility	16.8	0.7	17.5
Metropolitan Toronto Convention Centre [2] Convention Centre Expansion	137.4	16.0	153.4
Ontario Northland Transportation Commission Rails Cars and Spur Line	13.6	0.0	13.6
Ontario Science Centre OMNIMAX Theatre	1.6	0.0	1.6
Ontario Transportation Capital Corporation [3] Highway 407	1,400.3	106.7	1,507.0
Ontario Housing Corporation Prepayment of CMHC Debentures	0.0	0.0	0.0
Contingency Amount [4] As Required and Approved	0.0	0.0	0.0
Total	**1,669.7**	**123.4**	**1,793.1**

1. City of Toronto loan expected to be assigned to MMAH in March 1999; second $100 M will be provided by MMAH.
2. Refinancing of a portion of the MTCC loan is expected in April 1999.
3. Sales proceeds for the Highway 407 are expected in May 1999.
4. Use of Contingency amount is subject to the approvals required in the OFA lending policy.

Ontario Financing Authority, Corporate Finance Division
February 10, 1999
H:\ofa\1999-00 by-law\borrowing&onlending plan 99-00 2.wpd

OFA loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of;

(i) Two Billion One Hundred and Sixty Million Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires;

(b) the Borrower shall be entitled to repay Advances plus accrued interest either in whole or in part and at such time or times as it determines provided that all Advances plus accrued interest shall be fully repaid by August 31, 2027;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Fifty-Five Million Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned may be adjusted at the option of the Borrower effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less 25 basis points,

rather than the rate specified in subparagraph (i), until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full; and

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Dated this day of , 1997.

Ontario Financing Authority

per:_____
Executive Director

ADVANCES OF PRINCIPAL

TKT #	DOC #	TRADE DATE	INT RESET DATE	# DAYS	INT. REF: T-Bill or OFA Loan or OFA Loan less 25 bps	INT RATE	ADVANCE	ACCRUED INT.	TOTAL ADVANCES

From: Sarah Harris
To: William Tan
Subject: FW: Question - OIC for new IESO Credit Facility
Date: Tuesday, June 13, 2017 2:44:22 PM

From: Sarah Harris
Sent: Tuesday, May 30, 2017 1:30 PM
To: Mike Manning
Cc: Opal Kandelas ; Salman Qadir
Subject: RE: Question - OIC for new IESO Credit Facility

Hi Mike,

The OIC is drafted using wording that is similar to the wording already being used in the existing OICs where the OFA borrows money from the Minister (i.e. underpinning college loans, existing IESO-OFA Credit Facility, etc.).

The OIC permits the OFA a couple of options:

(i) the OFA simply borrows funds from the Minister without lending to 3rd parties. In that case, the OFA would pay to the Minister at a rate equal to **the 90 day ONT T-Bill yield, reset every 90 days.** For **the purpose of this OIC (**that is, for the OFA to lend funds to IESO) **this provision would not be used**.

(ii) the OFA borrows funds from the Minister and then lends those funds to 3rd parties. In this case, the OFA would pay the Minister at the rate **equivalent to the rate of interest payable to the OFA under 3rd party loan, less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans. This would be the section applicable to for the OFA lending to IESO. In this circumstance, the OFA can charge IESO Ontario's cost plus 25bps; the OFA would then pay the Minister at this rate, less an amount as may be determined by the Minister.

So the short answer is that, under option (ii), the OFA can charge IESO's cost of plus 25 bps, and then the OFA must pay the Minister at the same rate on the funds, less an amount determined by the Minister. The fact that the Minister decides the amount to be deducted gives us flexibility in determining the spread to deduct when paying back the Province.

The only time option (i) comes into play is IF the OFA ever wants to borrow funds from the Minister without lending those funds to third parties.

Sarah

From: Mike Manning
Sent: Tuesday, May 30, 2017 12:56 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Question - OIC for new IESO Credit Facility

Hi Sarah:

Are you saying the wording in the OIC is general and that we can charge IESO Ontario's cost plus 25 bps separately?

Thanks, Mike

From: Sarah Harris
Sent: Tuesday, May 30, 2017 11:14 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>

Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: Question - OIC for new IESO Credit Facility

Hi Mike,

I originally sent this e-mail below to Linda and she thought it looked fine, but she thought I should also run it by you.

As part of putting in place the new credit facility between IESO and the OFA, a new OIC is required for the OFA to borrow from the Province, so the Province may in turn make loans to IESO. As matter of prudence, I am asking is for you to review the rates that the OFA pays to the Province in the OIC are still appropriate. The OIC package must go to the DMO today.

In short, the rates included in the OIC are effectively the same as the existing OIC underpinning the $975 million credit facility between the OFA and IESO. Specifically, section(c)(ii) of the OIC says if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

The OIC also contains a more general borrowing rate. That is, Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** However, for the purposes of this OIC, it is unlikely that this section would ever be used.

Again, both rates above are consistent with existing OICs.

Please let me if these rates look okay.

Thanks,

Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,

Sarah

From:	Sarah Harris
To:	Linda Smith
Subject:	FW: Question - OIC for new IESO Credit Facility
Date:	Tuesday, May 30, 2017 10:48:23 AM
Attachments:	CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith
Cc: Opal Kandelas
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,

Sarah

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Sarah Harris
To:	Linda Smith
Subject:	FW: Question - OIC for new IESO Credit Facility
Date:	Tuesday, May 30, 2017 10:48:23 AM
Attachments:	CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith
Cc: Opal Kandelas
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

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Sarah

Authority Verified/Compétence vérifiée: _____

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Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

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AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

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(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

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ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: Patrick Rundans (MOF)
Cc: Salman Qadir
Subject: FW: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 2:01:29 PM
Attachments: CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX
OIC 675-1997.pdf
OIC 767-1999(3).pdf

Hi Patrick,

I just wanted to ask you a question, please, for my own knowledge, regarding section (c)(ii) of the OIC. The OIC states:

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

In relation to the above highlighted section, how would the 'Minister' specify the amount to be deducted? Unlike the two existing OICS (attached) the OFA uses for lending to 3rd parties which overtly specify the rates, our draft OIC provides discretion to the Minister. I'm not aware of how/if the Minister's authority to determine the amount to be deducted has somehow been delegated to the OFA (perhaps this is a question for Sarah Neville?), or would this be included in the Minister's directive for the credit facility?

Thanks,

Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith
Cc: Opal Kandelas

Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

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Please let me know your thoughts.

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Sarah

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

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Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

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WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

OFA Loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

Min. Finance
Borrowing Bylaw
for the OFA

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Six Hundred and Fifty-six Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law in accordance with the Act and approved by the Minister of Finance;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2029;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan, provided that the maximum principal amount of the loan outstanding at any time shall not exceed Six Hundred and Fifty-six Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the interest rate paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the interest rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 1 1999

Date

Lieutenant Governor

From: Sarah Harris
To: Patrick Rundans (MOF)
Cc: Salman Qadir
Subject: FW: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 2:01:29 PM
Attachments: CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX
OIC 675-1997.pdf
OIC 767-1999(3).pdf

Hi Patrick,

I just wanted to ask you a question, please, for my own knowledge, regarding section (c)(ii) of the OIC. The OIC states:

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

In relation to the above highlighted section, how would the 'Minister' specify the amount to be deducted? Unlike the two existing OICS (attached) the OFA uses for lending to 3rd parties which overtly specify the rates, our draft OIC provides discretion to the Minister. I'm not aware of how/if the Minister's authority to determine the amount to be deducted has somehow been delegated to the OFA (perhaps this is a question for Sarah Neville?), or would this be included in the Minister's directive for the credit facility?

Thanks,

Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith
Cc: Opal Kandelas

Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,

Sarah

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

OFA Loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

Min. Finance
Borrowing Bylaw
for the OFA

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Six Hundred and Fifty-six Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law in accordance with the Act and approved by the Minister of Finance;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2029;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan, provided that the maximum principal amount of the loan outstanding at any time shall not exceed Six Hundred and Fifty-six Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the interest rate paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the interest rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 1 1999

Date

Lieutenant Governor

To:	Patrick Rundans (MOF)
Cc:	Salman Qadir
Subject:	FW: Question - OIC for new IESO Credit Facility
Date:	Tuesday, May 30, 2017 1:53:59 PM

Hi Patrick,
I just wanted to ask you a question for my own knowledge.
Section (c)(i) of

From: Sarah Harris
Sent: Tuesday, May 30, 2017 1:30 PM
To: Mike Manning
Cc: Opal Kandelas ; Salman Qadir
Subject: RE: Question - OIC for new IESO Credit Facility

Hi Mike,
The OIC is drafted using wording that is similar to the wording already being used in the existing OICs where the OFA borrows money from the Minister (i.e. underpinning college loans, existing IESO-OFA Credit Facility, etc.).
The OIC permits the OFA a couple of options:

(i) the OFA simply borrows funds from the Minister without lending to 3rd parties. In that case, the OFA would pay to the Minister at a rate equal to **the 90 day ONT T-Bill yield, reset every 90 days.** For **the purpose of this OIC (**that is, for the OFA to lend funds to IESO) **this provision would not be used**.

(ii) the OFA borrows funds from the Minister and then lends those funds to 3rd parties. In this case, the OFA would pay the Minister at the rate **equivalent to the rate of interest payable to the OFA under 3rd party loan, less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans. This would be the section applicable to for the OFA lending to IESO. In this circumstance, the OFA can charge IESO Ontario's cost plus 25bps; the OFA would then pay the Minister at this rate, less an amount as may be determined by the Minister.

So the short answer is that, under option (ii), the OFA can charge IESO's cost of plus 25 bps, and then the OFA must pay the Minister at the same rate on the funds, less an amount determined by the Minister. The fact that the Minister decides the amount to be deducted gives us flexibility in determining the spread to deduct when paying back the Province.
The only time option (i) comes into play is IF the OFA ever wants to borrow funds from the Minister without lending those funds to third parties.
Sarah

From: Mike Manning
Sent: Tuesday, May 30, 2017 12:56 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Question - OIC for new IESO Credit Facility

Hi Sarah:
Are you saying the wording in the OIC is general and that we can charge IESO Ontario's cost plus 25 bps separately?
Thanks, Mike

From: Sarah Harris
Sent: Tuesday, May 30, 2017 11:14 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: Question - OIC for new IESO Credit Facility

Hi Mike,

I originally sent this e-mail below to Linda and she thought it looked fine, but she thought I should also run it by you.

As part of putting in place the new credit facility between IESO and the OFA, a new OIC is required for the OFA to borrow from the Province, so the Province may in turn make loans to IESO. As matter of prudence, I am asking is for you to review the rates that the OFA pays to the Province in the OIC are still appropriate. The OIC package must go to the DMO today.

In short, the rates included in the OIC are effectively the same as the existing OIC underpinning the $975 million credit facility between the OFA and IESO. Specifically, section(c)(ii) of the OIC says if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

The OIC also contains a more general borrowing rate. That is, Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** However, for the purposes of this OIC, it is unlikely that this section would ever be used.

Again, both rates above are consistent with existing OICs.

Please let me if these rates look okay.

Thanks,

Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,
Sarah

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Cc:	Salman Qadir
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The OIC also contains a more general borrowing rate. That is, Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** However, for the purposes of this OIC, it is unlikely that this section would ever be used.

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Please let me if these rates look okay.

Thanks,

Sarah

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Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Question - OIC for new IESO Credit Facility

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Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,
Sarah

From: Sarah Harris
To: Anis Hirani
Subject: FW: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 11:41:52 AM
Attachments: CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

Hi Anis,
I'm working from home today, as was hoping to get Mike's attention on an e-mail that I sent to him below. I just IM'd him, but see that his status is inactive. This is fairly time sensitive, as this relates to a package that must go to the DMO today.
When he gets back to his office, and if he is free, could you please let him know that I was looking to please get his attention to take a look at the e-mail. I don't think it would take long for him to attend to; I just want to ensure that a couple of rates look ok in an OIC.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 11:14 AM
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Cc: Opal Kandelas ; Salman Qadir
Subject: FW: Question - OIC for new IESO Credit Facility
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Please let me know your thoughts.

Thanks,

Sarah

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: Anis Hirani
Subject: FW: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 11:41:52 AM
Attachments: CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

Hi Anis,
I'm working from home today, as was hoping to get Mike's attention on an e-mail that I sent to him below. I just IM'd him, but see that his status is inactive. This is fairly time sensitive, as this relates to a package that must go to the DMO today.
When he gets back to his office, and if he is free, could you please let him know that I was looking to please get his attention to take a look at the e-mail. I don't think it would take long for him to attend to; I just want to ensure that a couple of rates look ok in an OIC.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 11:14 AM
To: Mike Manning
Cc: Opal Kandelas ; Salman Qadir
Subject: FW: Question - OIC for new IESO Credit Facility
Hi Mike,
I originally sent this e-mail below to Linda and she thought it looked fine, but she thought I should also run it by you.
As part of putting in place the new credit facility between IESO and the OFA, a new OIC is required for the OFA to borrow from the Province, so the Province may in turn make loans to IESO. As matter of prudence, I am asking is for you to review the rates that the OFA pays to the Province in the OIC are still appropriate. The OIC package must go to the DMO today.
In short, the rates included in the OIC are effectively the same as the existing OIC underpinning the $975 million credit facility between the OFA and IESO. Specifically, section(c)(ii) of the OIC says if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.
The OIC also contains a more general borrowing rate. That is, Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** However, for the purposes of this OIC, it is unlikely that this section would ever be used.
Again, both rates above are consistent with existing OICs.
Please let me if these rates look okay.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,

Sarah

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Sarah Harris
To:	Mike Manning
Cc:	Opal Kandelas; Salman Qadir
Subject:	FW: Question - OIC for new IESO Credit Facility
Date:	Tuesday, May 30, 2017 11:13:53 AM
Attachments:	CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

Hi Mike,
I originally sent this e-mail below to Linda and she thought it looked fine, but she thought I should also run it by you.
As part of putting in place the new credit facility between IESO and the OFA, a new OIC is required for the OFA to borrow from the Province, so the Province may in turn make loans to IESO. As matter of prudence, I am asking is for you to review the rates that the OFA pays to the Province in the OIC are still appropriate. The OIC package must go to the DMO today.
In short, the rates included in the OIC are effectively the same as the existing OIC underpinning the $975 million credit facility between the OFA and IESO. Specifically, section(c)(ii) of the OIC says if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.
The OIC also contains a more general borrowing rate. That is, Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** However, for the purposes of this OIC, it is unlikely that this section would ever be used.
Again, both rates above are consistent with existing OICs.
Please let me if these rates look okay.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith
Cc: Opal Kandelas
Subject: Question - OIC for new IESO Credit Facility
Hi Linda,
As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).
Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.
Thanks,
Sarah

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Sarah Harris
To:	Mike Manning
Cc:	Opal Kandelas; Salman Qadir
Subject:	FW: Question - OIC for new IESO Credit Facility
Date:	Tuesday, May 30, 2017 11:13:53 AM
Attachments:	CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

Hi Mike,
I originally sent this e-mail below to Linda and she thought it looked fine, but she thought I should also run it by you.
As part of putting in place the new credit facility between IESO and the OFA, a new OIC is required for the OFA to borrow from the Province, so the Province may in turn make loans to IESO. As matter of prudence, I am asking is for you to review the rates that the OFA pays to the Province in the OIC are still appropriate. The OIC package must go to the DMO today.
In short, the rates included in the OIC are effectively the same as the existing OIC underpinning the $975 million credit facility between the OFA and IESO. Specifically, section(c)(ii) of the OIC says if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.
The OIC also contains a more general borrowing rate. That is, Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** However, for the purposes of this OIC, it is unlikely that this section would ever be used.
Again, both rates above are consistent with existing OICs.
Please let me if these rates look okay.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith
Cc: Opal Kandelas
Subject: Question - OIC for new IESO Credit Facility
Hi Linda,
As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).
Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.
Thanks,
Sarah

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: William Tan
Subject: FW: Question - OIC for new IESO Credit Facility
Date: Tuesday, June 13, 2017 2:44:22 PM

From: Sarah Harris
Sent: Tuesday, May 30, 2017 1:30 PM
To: Mike Manning
Cc: Opal Kandelas ; Salman Qadir
Subject: RE: Question - OIC for new IESO Credit Facility

Hi Mike,

The OIC is drafted using wording that is similar to the wording already being used in the existing OICs where the OFA borrows money from the Minister (i.e. underpinning college loans, existing IESO-OFA Credit Facility, etc.).

The OIC permits the OFA a couple of options:

(i) the OFA simply borrows funds from the Minister without lending to 3rd parties. In that case, the OFA would pay to the Minister at a rate equal to **the 90 day ONT T-Bill yield, reset every 90 days.** For **the purpose of this OIC (**that is, for the OFA to lend funds to IESO) **this provision would not be used**.

(ii) the OFA borrows funds from the Minister and then lends those funds to 3rd parties. In this case, the OFA would pay the Minister at the rate **equivalent to the rate of interest payable to the OFA under 3rd party loan, less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans. This would be the section applicable to for the OFA lending to IESO. In this circumstance, the OFA can charge IESO Ontario's cost plus 25bps; the OFA would then pay the Minister at this rate, less an amount as may be determined by the Minister.

So the short answer is that, under option (ii), the OFA can charge IESO's cost of plus 25 bps, and then the OFA must pay the Minister at the same rate on the funds, less an amount determined by the Minister. The fact that the Minister decides the amount to be deducted gives us flexibility in determining the spread to deduct when paying back the Province.

The only time option (i) comes into play is IF the OFA ever wants to borrow funds from the Minister without lending those funds to third parties.

Sarah

From: Mike Manning
Sent: Tuesday, May 30, 2017 12:56 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Question - OIC for new IESO Credit Facility

Hi Sarah:

Are you saying the wording in the OIC is general and that we can charge IESO Ontario's cost plus 25 bps separately?

Thanks, Mike

From: Sarah Harris
Sent: Tuesday, May 30, 2017 11:14 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>

Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: Question - OIC for new IESO Credit Facility

Hi Mike,

I originally sent this e-mail below to Linda and she thought it looked fine, but she thought I should also run it by you.

As part of putting in place the new credit facility between IESO and the OFA, a new OIC is required for the OFA to borrow from the Province, so the Province may in turn make loans to IESO. As matter of prudence, I am asking is for you to review the rates that the OFA pays to the Province in the OIC are still appropriate. The OIC package must go to the DMO today.

In short, the rates included in the OIC are effectively the same as the existing OIC underpinning the $975 million credit facility between the OFA and IESO. Specifically, section(c)(ii) of the OIC says if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

The OIC also contains a more general borrowing rate. That is, Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** However, for the purposes of this OIC, it is unlikely that this section would ever be used.

Again, both rates above are consistent with existing OICs.

Please let me if these rates look okay.

Thanks,

Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,

Sarah

From:	Sarah Harris
To:	Dean Hwang
Cc:	Sab Horvath
Subject:	FW: Trading Annex for NFWA Trust
Date:	Tuesday, May 02, 2017 11:31:22 AM
Attachments:	NFWA Trading Annex (20170222) (OPG Comments).docx

Hi Dean,

I'm going to ask you to look into this for Kevin, please.

I am copying Sab so that he will have the opportunity to follow along.

Thanks,
Sarah

From: Kevin Shvarts
Sent: Monday, May 01, 2017 4:11 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Linda Smith <Linda.Smith@ofina.on.ca>
Subject: Trading Annex for NFWA Trust

Hi Sarah,

One of our investment managers has requested we sign a trading annex to allow them to trade futures in our account. Would someone in documentation be able to look at the Annex and see if the provisions are standard or if anything stands out?

Mara is reviewing the document as well and has a few questions. I understand your team works with a lawyer at MOF for matters similar to these; can you share their contact information?

Thanks,
Kevin

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Trading Annex to ~~IMA~~the Investment Management Agreement

Reference is made to the Investment Management Agreement ("**IMA**") between Ontario Power Generation Inc. ("**OPG**"), Ontario Financing Authority ("**OFA**", together with OPG, the "**Client**"), and BlackRock Asset Management Canada Limited (the "**Manager**"), dated October 26, 2016.

If there is any conflict between any term in this trading annex and the IMA, the relevant term in the IMA is to prevail.

Capitalised terms used, but not otherwise defined, in this trading annex will have the meaning given to such terms in the IMA, whether directly or by reference.

1. **Trading Agreements**

1.1 *Authorization*. ~~Reference is made to the Investment Management Agreement between Ontario Power Generation Inc. ("**OPG**"), Ontario Financing Authority ("**OFA**"), and BlackRock Asset Management Canada Limited (the "**Manager**"), dated October 26, 2016.~~ Subject to the Mandate, and in accordance with the IMA, ~~Investment Guidelines,~~ to the extent the Manager is permitted to transact in a particular investment product (each such transaction, an "**Authorized Transaction**" and each such product, an "**Authorized Product**"), ~~OPG and OFA~~ the Client hereby authorizes and appoints the Manager to act as agent for and on behalf of ~~OPG~~ the Client and in the name of ~~OPG~~the Client, to:

(i) *Enter into Trading Agreements* negotiate, enter into and amend any trading agreement, including without limitation any collateral agreement or arrangement (whether by title transfer or security interest), for Authorized Products determined by BlackRock to be necessary or advisable, including any service provider agreements, including but not limited to agreements to confirm FX and Futures transactions, ancillary agreements for trading derivatives (including agreements with Markit, ICELink and/or Triana) , trading platform and exchange agreements, clearinghouse agreements or similar types of agreements to which the Client is a party (collectively, "**Trading Agreements**");

(ii) *Effect Transactions in Authorized Products* purchase, sell, settle, close-out and generally deal in any manner with any and all Authorized Products, perform any and all obligations and exercise any and all rights under the Trading Agreements, and sign, deliver, give and receive instructions in respect of payments and transfers for Authorized Products; and

(iii) *Open Accounts* establish one or more accounts in the name of the Trust, with such brokers or dealers as the Manager deems advisable, for the purpose of trading Authorized Products, and to complete and execute all account opening documents and agreements, and provide relevant "know your customer" and other information regarding ~~OPG~~the Client and its account(s), as required or advisable.

1.2 *Aggregation of Orders and "Block" Execution*. ~~OPG~~The Client acknowledges and agrees that, subject to the ~~[Investment Guidelines]~~Mandate and consistent with its ~~[~~fiduciary duties to ~~OPG~~the Client and with its internal policies and procedures regarding fairly and equitably allocating investment opportunities among its clients, the Manager is authorized and permitted in its discretion to aggregate or bunch orders for ~~OPG~~the Client with similar orders for other clients of the Manager, and/or to execute single or bunched orders as "block" transactions, which may be subject to different trading or regulatory treatment than those applicable to smaller "non-block" transactions, and where applicable, to allocate such bunched or block orders among accounts following execution.

Commented [ST1]: BlackRock has not sent these referenced documents for review. OPG to follow-up.

~~1.3 *Delegation of Trade Execution*. OPG acknowledges and agrees that the Manager may delegate trade execution and other functions under or in connection with any Trading Agreement to other entities directly or indirectly wholly owned by BlackRock, Inc.; *provided* that any such delegation shall in no way relieve the Manager of any of its obligations hereunder.~~

Commented [EW2]: OPG asked BlackRock to explain the need to include this provision in the NF version but not the PF version. OPG pointed out that the equivalent provision they are depending on for the PF version exists in the NF version (section 5.3).

OPG suggests to delete this provision and put it back to BlackRock to explain the need to include this.

1.43 *Trading Agreement Disclosures*. ~~OPG~~The Client represents that it has read, understands and acknowledges the Trading Agreement Disclosures in Schedule A hereto.

2. **~~OPG~~ Client Representations for Trading Agreements**

2.1 Trading Agreements typically require the Manager to provide certain representations and warranties on behalf of ~~OPG~~the Client. In order to enable the Manager to make such representations on ~~OPG~~the Client's behalf, ~~OPG~~the Client acknowledges, represents, warrants and agrees that:

(i) the execution, delivery and performance of the Trading Agreements and Authorized Transactions by the Manager on ~~OPG~~the Client's behalf will not knowingly violate or conflict with any law, rule or regulation applicable to ~~OPG~~the Client, any provision of ~~OPG~~the Client's constitutional documents, any order or judgment of any court or other agency of government applicable to ~~OPG~~the Client or any contractual restriction applicable to ~~OPG~~the Client or its assets;

(ii) it owns and invests, on a discretionary basis, at least USD 100 million in securities (excluding securities issued by its affiliates);

(iii) subject to the Investment Mandate, assets it has provided to the Manager for management may be transferred by the Manager as collateral or margin free and clear of any lien, pledge, claim, charge or encumbrance granted directly by it; and

(iv) it is not insolvent or bankrupt or otherwise subject to an insolvency, bankruptcy or similar proceeding, whether voluntary or involuntary.

2.2 In addition, for regulatory compliance purposes, ~~OPG~~the Client acknowledges, represents, warrants and agrees that:

(i) the legal name of ~~OPG~~the Client is The Ontario NFWA Trust;

(ii) the jurisdiction of ~~OPG~~the Client's incorporation or formation is the Province of Ontario;

(iii) ~~OPG~~the Client's principal place of business is the Province of Ontario;

(iv) ~~OPG~~the Client's main line of business is **[TBD]**;

(v) the Guarantor, if any, of ~~OPG~~the Client's trading activities is **[TBD]**;

(vi) ~~OPG~~the Client is not a collective investment vehicle; and

(vii) ~~OPG~~the Client's LEI is [ ], was issued by [*Insert the authorized registry which issued the LEI*] on [*Insert the date upon which the LEI was issued*] and shall be maintained by ~~OPG~~the Client, to the extent required by law, during the term of the Agreement.

.

2.3 ~~OPG~~The Client shall provide such financial or other information and documentation (including, without limitation, tax forms) as required by the Manager pursuant to the Trading Agreements and shall promptly notify the Manager in writing in the event any information provided becomes incorrect or misleading in any material respect but only to the extent such information or documentation is not publically available.

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Commented [ST3]: OPG/OFA Business Unit to confirm that the Nuclear Funds can make these representations.

Commented [EW4]: BlackRock has not responded as to how the existing securities lending program will impact this representation. OPG will follow-up.

Commented [EW5]: OPG/OFA Business Unit to fill out.

Commented [EW6]: OPG/OFA Business Unit to fill out or indicate N/A.

Commented [EW7]: OPG/OFA Business Unit to confirm.

Commented [EW8]: OPG/OFA Business Unit to provide. Does the NFWA Trust have a LEI?

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3. **Compliance with U.S. Business Conduct Rules and other Dodd-Frank Requirements**

In the event that ~~OPG~~the Client is either (i) domiciled in the United States or has its principal place of business in the United States or (ii) trades in derivatives with counterparties who are "US persons" under applicable derivatives laws or regulations, certain of ~~OPG~~the Client's derivative transactions ~~will~~ may be subject to additional requirements. The representations and agreements set forth below are necessary to enable the Manager to engage in derivatives transactions on ~~OPG~~the Client's behalf in compliance with such laws and regulations.

3.1 *Swap Entity Status*: ~~OPG~~the Client represents that it is not a "Swap Dealer", "Security-Based Swap Dealer", "Major Swap Participant" or "Major Security-Based Swap Participant" as such terms are defined in CFTC and SEC rules governing swap entities.

3.2 *Eligible Contract Participant*: ~~OPG~~the Client represents that it (check at least one applicable box below):

☐ (i) is ***not*** a Commodity Pool[1] and is a corporation, partnership, proprietorship, organization, trust, or other entity that has total assets exceeding $10,000,000.

☐ (ii) is an insurance company that is regulated by a U.S. State.

☐ (iii) is an investment company subject to regulation under the U.S. Investment Company Act of 1940, as amended, or a non-U.S. person performing a similar role or function subject as such to non-U.S. regulation (regardless of whether each investor in the investment company or the foreign person is itself an Eligible Contract Participant).

☐ (iv) is an employee benefit plan subject to ERISA, a governmental employee benefit plan, or a non-U.S. person performing a similar role or function subject as such to non-U.S. regulation, in each case which has total assets exceeding $5,000,000.

☐ (v) is (1) a governmental entity (including the United States, a U.S. State, or a non-U.S. government), or political subdivision of a governmental entity, (2) a multinational or supranational government entity or (3) an instrumentality, agency, or department of an entity described in clause (1) or (2), and if ~~OPG~~the Client is an entity described in clause (1) or (3), ~~OPG~~the Client owns and invests on a discretionary basis $50,000,000 or more in investments.

☐ (vi) is a Commodity Pool (or ~~OPG~~the Client believes it may be characterized under the Commodity Exchange Act as a commodity pool) that was not formed for the purpose of evading CFTC regulations and (select one of the following):

☐ (1) has total assets exceeding $5,000,000 and each investor in ~~OPG~~the Client is itself an Eligible Contract Participant.

☐ (2) has total assets exceeding $10,000,000 and is formed and operated by a registered commodity pool operator or by a commodity pool operator who is exempt from registration as such pursuant to §4.13(a)(3) of the CFTC regulations.

☐ (3) has total assets exceeding $5,000,000, ~~OPG~~the Client's commodity pool operator is not located with the U.S. or its territories, no investor in ~~OPG~~the Client is a "U.S. Person" as defined by the CFTC and if any investor in ~~OPG~~the Client is

[1] "Commodity Pool" is a defined term under the U.S. Commodity Exchange Act. The National Futures Association describes a commodity pool as "an enterprise in which funds contributed by a number of persons are combined for the purpose of trading futures contracts, options on futures, retail off-exchange forex contracts or swaps, or to invest in another commodity pool." The definition is very broad and could capture insurance company accounts, pension trusts, banks and non-U.S. enterprises. While such entities may be excluded or exempt from substantive regulation (for example, by being formed, operated and offered completely outside of the U.S.), such entities may technically fall under the Commodity Pool definition.

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a passive investment fund, such a passive investment fund has less than 10% U.S. Person investors.

☐ (4) has total assets exceeding $5,000,000. *(Note if this is the only selection made, there will be limitations on the types of U.S. dealers ~~OPG~~the Client is permitted to face for foreign exchange forward transactions.)*

3.3 *Financial Company and Financial Entity Status*: ~~OPG~~the Client represents that it (check the correct box in each of (i) and (ii) below):

(i) ☐ is / ☐ is not a "financial company" as defined in Section 201(a)(11) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. (*Generally speaking, a "financial company" is a company (or subsidiary of a company) organized in the U.S. and which engages in (amongst other things) banking activities or activities determined by the U.S. Federal Reserve to be financial in nature.*)

(ii) ☐ is / ☐ is not a "financial entity" as defined in Section 2(h)(7)(C)(i) of the Commodity Exchange Act. (*Generally speaking, a "financial entity" includes, amongst other types of entities, commodity pools, private funds as defined in Section 202(a) of the Investment Advisers Act of 1940, employee benefit plans and persons predominantly engaged in activities that are in the business of banking or in activities that are financial in nature.*)

3.4 *Affiliate Conduit Status*: ~~OPG~~The Client represents, warrants and agrees that the derivative transactions the Manager is authorized to execute on its behalf are not intended to hedge or mitigate risks faced by, or to take derivative positions on behalf of, its U.S. affiliates (if any) and that ~~OPG~~the Client will not enter into back-to-back swaps with its U.S. affiliates (if any) to offset the derivatives transactions the Manager is authorized to execute on its behalf in order to transfer the benefits and risks of such derivatives transactions to such U.S. affiliates.

3.5 *Special Entity Status*: ~~OPG~~The Client represents that it (check one applicable box below):

☐ (i) is an employee benefit plan subject to Title I of ERISA (an "**ERISA Special Entity**")

☐ (ii) is a U.S. federal or state governmental plan as defined in section 3 of ERISA (a "**Non-ERISA Special Entity**")

☐ (iii) is a U.S. federal agency or U.S. state government body or political subdivision of a U.S. state (a "**Non-ERISA Special Entity**")

☐ (iv) is an employee benefit plan not falling under (i) or (ii) above that has elected to be treated as a Special Entity (a "**Non-ERISA Special Entity**")

☐ (v) is an endowment (a "**Non-ERISA Special Entity**")

☐ (vi) is an entity other than one described in (i) – (v) above (a "**Non-Special Entity**")

3.6 *Business Conduct Rule Safe Harbor Representations:* In order for the Manager to efficiently trade swaps on behalf of ~~OPG~~the Client, the Manager will need to make certain representations to swap dealer counterparties that will enable the swap dealer to operate within safe harbors from the application of certain provisions of the CFTC's Business Conduct Rules. In order to meet the safe harbor requirements, certain representations must be obtained directly from ~~OPG~~the Client.

(i) If ~~OPG~~the Client is a Non-Special Entity, it hereby represents, warrants and agrees that:

(1) it has complied in good faith with written policies and procedures that are reasonably designed to ensure that the Manager, as a person to whom it has granted swap trading authority, is capable of (a) evaluating swap recommendations made by swap dealers and (b) making swap trading decisions on ~~OPG~~the Client's behalf; and

Commented [ST9]: To be confirmed by OPG/OFA Business Unit prior to signing this Trading Annex.

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(2) with respect to any swap executed by the Manager on its behalf, it will be relying on the Manager's advice and not on the recommendations (if any) of a swap dealer.

(ii) If ~~OPG~~the Client is an ERISA Special Entity, it hereby represents, warrants and agrees that:

(1) with respect to any swap executed by the Manager on ~~OPG~~the Client's behalf, ~~OPG~~the Client will rely on the advice of the Manager as its fiduciary (as defined in section 3 of ERISA) and not on the recommendations (if any) of a swap dealer.

(iii) If ~~OPG~~the Client is a Non-ERISA Special Entity, it hereby represents, warrants and agrees that:

(1) it has written policies and procedures that it believes in good faith it has complied with that are reasonably designed to ensure that the Manager, as a qualified independent representative (within the meaning of Rule 23.450 of the CFTC external business conduct rules governing swap transactions) for its swap transactions, meets the requirements to be a qualified independent representative and that such policies and procedures provide for the ongoing monitoring of the performance of the Manager as a qualified independent representative; and

(2) with respect to any swap executed by the Manager on its behalf, it will be relying on the Manager's advice and not on the recommendations (if any) of a swap dealer.

Furthermore, if ~~OPG~~the Client is a Non-ERISA Special Entity, the Manager hereby represents, warrants and agrees that:

(1) it has written policies and procedures reasonably designed to ensure that the Manager meets the requirements to be a qualified independent representative (within the meaning of Rule 23.450 of the CFTC external business conduct rules);

(2) it meets the independence test (as defined in the CFTC's external business conduct rules); and

(3) it is legally obligated to comply with the applicable requirements to be a qualified independent representative by agreement, condition of employment, law, rule, regulation, or other enforceable duty.

3.7 *Waiver of non-disclosure:* To the extent that applicable non-disclosure, confidentiality, bank secrecy or other law imposes non-disclosure requirements on transaction and similar information otherwise required to be disclosed, but permits ~~OPG~~the Client to waive such non-disclosure requirements by consent, ~~OPG~~the Client consents to waive such non-disclosure requirements to the extent permitted by such applicable laws.

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Schedule A Trading Agreement Disclosures

Form of Trading Agreements.

To the extent ~~OPG~~the Client has authorized the Manager to enter into one or more Trading Agreements, unless otherwise agreed with ~~OPG~~the Client, the Manager will typically add ~~OPG~~the Client to "umbrella" forms of Trading Agreements that it has negotiated on behalf of its clients generally by identifying the Client on a schedule to such Trading Agreement. Such agreements may be amended from time to time at the Manager's discretion.

Such agreements typically include certain representations, warranties, waivers, indemnities and other provisions addressing, among other things, governing law, jurisdiction, waiver of trial by jury, arbitration and waiver of sovereign immunity. Unless otherwise agreed with ~~OPG~~the Client, as agent for ~~OPG~~the Client under the Trading Agreements the Manager expects to, among other things:

(i) consent to the use of New York or English law as the governing law of the agreement;
(ii) consent to the jurisdiction of the courts of New York State and federal courts located in New York City, or the courts of England;
(iii) agree to waive rights to trial by jury;
(iv) agree to binding arbitration; and
(v) agree to a waiver of certain immunities (including sovereign immunity).

Trade Reporting

In the event that an authorized product is subject to trade reporting in a particular jurisdiction, ~~OPG~~the Client understands and acknowledges that ~~OPG~~the Client's counterparties to such trades, or other market participants such as clearinghouses, trading platforms or affirmation platforms, may be required to report details of such trades, including, without limitation, disclosing trade information to a registered "swap data repository" or "trade repository" and/or to relevant regulators, and that such disclosures could result in certain anonymous transaction and pricing data becoming available to the public.

Select Trading Venues and Intermediaries

The Manager will select trading and clearing venues, counterparties and intermediaries and make such elections or determinations regarding the manner in which authorized transactions are executed as the Manager believes is advisable or necessary under applicable law. ~~OPG~~the Client understands that the use of certain trading venues, counterparties or intermediaries may subject ~~OPG~~the Client to certain rules or jurisdictions that it may not otherwise have been subject.

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The parties have duly executed this Agreement.

ONTARIO FINANCING AUTHORITY

by:_____
Name: Mike Manning
Title: Executive Director, Capital Markets Division

ONTARIO POWER GENERATION INC.

by:_____
Name: David Kaposi
Title: Chief Investment Officer

BLACKROCK ASSET MANAGEMENT CANADA LIMITED

by:_____
Name:
Title:

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From: Sarah Harris
To: Opal Kandelas
Subject: FW: follow up from meeting
Date: Tuesday, June 06, 2017 2:27:30 PM
Attachments: OPA IESO Amendment No 9 (Executed).pdf
IESO_OFA FEP 2017 Credit Letter v3 draft.docx

Hi Opal,

The **current** $975 OFA-IESO credit facility provides for advances to be repaid no earlier than 28 days and no later than 95 days. Amendment number 9 (attached) contains the form of borrowing notice as Schedule 1 (which is page 5 of the .pdf); please let me know if you would like Will to print out the borrowing notice for you.

Per IESO's attached requests, they are requesting minimum borrowing period on the existing credit facility to be **reduced from 28 days to 7 days**.

That means that for the new $2 billion credit facility, as well as the existing facility (which will also be reduced from $975 million to $475 million), **the time period for advances to be repaid will be no earlier than 7 days and no later than 95 days.**

Thanks,

Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,

Mike had 2 questions.

1. What is the min and max time for borrowing notices in r the new IESO FHP agreement, as well as under the amending agreement? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.

2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.

Thanks,

Opal

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Program**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the Fair Hydro program (FHP) to reduce electricity prices for consumers in the province. Legislation is expected to be introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority's (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's global adjustment smoothing for a period of several months if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's deferral of electricity prices period plus a few months of contingency (i.e. September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- $975 million: draws to permit for FHP purposes; and
- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is consistent usage of these facilities we will contact the OFA

for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From: William Tan
To: Sarah Harris
Subject: FW: follow up from meeting
Date: Tuesday, June 06, 2017 12:55:45 PM
Attachments: OPA IESO Amendment No 9 (Executed).pdf
IESO_OFA FEP 2017 Credit Letter v3 draft.docx

Hello Sarah,

Amending Agreement No. 9 is the latest amending agreement revising all of the following relevant sections and more. Specifically for your question these are the relevant sections:

Section 3.3 Elections Regarding Advances

Schedule 1- Borrowing Notice

Repayment, no earlier than 28 days and no later than 95 days.

Schedule 2 – Form of Election Notice ("elect to continue all or a portion of an Advance for an additional term").

Repayment, no earlier than 28 days and no later than 95 days.

New FHP IESO Credit Facility Agreement

Repayment, no earlier than 7 days and no later than 95 days.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 11:51 AM
To: William Tan
Subject: FW: follow up from meeting

Hi Will,

Could you please provide to me the answer for item#1 below?

Thanks,

Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,

Mike had 2 questions.

1. What is the min and max time for borrowing notices in r the new IESO FHP agreement, as well as under the amending agreement? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.

2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.

Thanks,

Opal

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
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t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Program**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the Fair Hydro program (FHP) to reduce electricity prices for consumers in the province. Legislation is expected to be introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

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We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

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Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

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To: Sarah Harris
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New FHP IESO Credit Facility Agreement

Repayment, no earlier than 7 days and no later than 95 days.

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Sent: Tuesday, June 06, 2017 11:51 AM
To: William Tan
Subject: FW: follow up from meeting

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To: Sarah Harris <Sarah.Harris@ofina.on.ca>
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Thanks,

Opal

AMENDING AGREEMENT NO. 9

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

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AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Program**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the Fair Hydro program (FHP) to reduce electricity prices for consumers in the province. Legislation is expected to be introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority's (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's global adjustment smoothing for a period of several months if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's deferral of electricity prices period plus a few months of contingency (i.e. September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- $975 million: draws to permit for FHP purposes; and
- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is consistent usage of these facilities we will contact the OFA

for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From: Sarah Harris
To: Elizabeth Wallace
Subject: FW: follow up from meeting
Date: Tuesday, June 06, 2017 11:54:32 AM

Hi Elizabeth,
Mike was asking Opal the second question below on Metrolinx cost recovery. I know that you've helped circulate the Metrolinx cost recovery spreadsheet before (on Siva's behalf to CMD folks?)– would you know where this stands?
Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting
Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.
Thanks,
Opal

From: Sarah Harris
To: William Tan
Subject: FW: follow up from meeting
Date: Tuesday, June 06, 2017 11:50:50 AM

Hi Will,
Could you please provide to me the answer for item#1 below?
Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in r the new IESO FHP agreement, as well as under the amending agreement? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.
Thanks,
Opal

From: Sarah Harris
To: William Tan
Subject: FW: follow up from meeting
Date: Tuesday, June 06, 2017 11:50:50 AM

Hi Will,
Could you please provide to me the answer for item#1 below?
Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in r the new IESO FHP agreement, as well as under the amending agreement? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.
Thanks,
Opal

From: Sarah Harris
To: Opal Kandelas
Subject: FW: follow up from meeting
Date: Tuesday, June 06, 2017 2:27:30 PM
Attachments: OPA IESO Amendment No 9 (Executed).pdf
IESO_OFA FEP 2017 Credit Letter v3 draft.docx

Hi Opal,

The **current** $975 OFA-IESO credit facility provides for advances to be repaid no earlier than 28 days and no later than 95 days. Amendment number 9 (attached) contains the form of borrowing notice as Schedule 1 (which is page 5 of the .pdf); please let me know if you would like Will to print out the borrowing notice for you.

Per IESO's attached requests, they are requesting minimum borrowing period on the existing credit facility to be **reduced from 28 days to 7 days**.

That means that for the new $2 billion credit facility, as well as the existing facility (which will also be reduced from $975 million to $475 million), **the time period for advances to be repaid will be no earlier than 7 days and no later than 95 days.**

Thanks,

Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,

Mike had 2 questions.

1. What is the min and max time for borrowing notices in r the new IESO FHP agreement, as well as under the amending agreement? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.

2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.

Thanks,

Opal

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Program**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the Fair Hydro program (FHP) to reduce electricity prices for consumers in the province. Legislation is expected to be introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority's (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's global adjustment smoothing for a period of several months if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's deferral of electricity prices period plus a few months of contingency (i.e. September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- $975 million: draws to permit for FHP purposes; and
- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is consistent usage of these facilities we will contact the OFA

for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

To:	Kelly Listoe
Subject:	FW: no compensation for advisor
Date:	Thursday, March 30, 2017 3:51:25 PM

Mmm…interesting. Can you popby

From: Kelly Listoe
Sent: Thursday, March 30, 2017 3:40 PM
To: Sarah Harris
Subject: no compensation for advisor

Hi Sarah

Carlos says they definitely won't be getting even $1. Their benefit is internal knowledge building in advance of what is going on so they may have a better opportunity in getting business from the spv itself.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From:	Sarah Harris
To:	Lisa Stein
Subject:	For your reference
Date:	Tuesday, June 20, 2017 12:30:49 PM
Attachments:	Credit Facility Agreement. April 23. 2010. executed..pdf All Comments March 26.IESO $60 million Credit Facility Agreement .DOC

Hi Lisa,

I'm including for your reference the source of the Material Subsidiary wording. Please see word mark-up on p. 5 for the comments exchange between Ken (and Patrick) and Annette. I've also attached the final executed copy of the executed credit facility.

It's not a hill we need to die on i.e. whether to include it or not.

Thanks,

Sarah

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Dated: April 23, 2010

THIS CREDIT FACILITY AGREEMENT is made on the 23rd day of April, 2010

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

RECITAL:

IESO has requested a revolving line of credit from OEFC in the amount of up to Sixty Million Dollars for the purpose of replacing the current IESO revolving line of credit with the Toronto-Dominion Bank which is used for liquidity purposes that may also be used to fund corporate requirements. OEFC has agreed to lend such amount to IESO on the terms and conditions set out herein.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advance Date" has the meaning set forth in Section 3.2.

"Advances" means advances made by OEFC to IESO under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day other than a Saturday, Sunday or a statutory or civic holiday in Toronto, Ontario.

"Commitment" means, at any time, an amount equal to the principal amount of Sixty Million Dollars.

"Consolidated Assets" means, at any time, the book value of IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the revolving credit facility to be made available to IESO by OEFC under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Disposition" has the meaning specified in Section 6.1.

"Dollars" or "$" means lawful currency of Canada.

"Event of Default" has the meaning specified in Section 5.1.

"IESO" means Independent Electricity System Operator, a corporation existing under the laws of the Province of Ontario, until a successor corporation shall have succeeded to all of the rights and obligations of Independent Electricity System Operator pursuant to Section 6.1 and thereafter **"IESO"** shall mean such successor corporation (or any successor thereto which shall have become such pursuant to Section 6.1).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Interest Payment Date" means with respect to each Advance means the first Business Day of each month.

"Interest Rate" means the Province of Ontario's cost of borrowing for a 30 day term, as determined as of the first Business Day of each month by OEFC, plus 0.25 percent per annum.

"Interest Reset Date" has the meaning specified in section 3.3(2)(i).

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the note of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO or a Material Subsidiary, to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of IESO or a Material Subsidiary that have not at the time been filed against IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) pledges of cash or cash equivalents to secure IESO's or a Material Subsidiary's liabilities from time to time under Swap Contracts and pledges of cash or cash equivalents in an aggregate amount not exceeding $25 million at any time to secure IESO's or a Material Subsidiary's liabilities from time to time under commodity swap, commodity option and commodity future contracts entered into in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in prices or availability of commodities purchased or to be purchased by IESO or a Material Subsidiary in the ordinary course of business, and not entered into for the purposes of speculation; and

(k) any other Liens of a nature similar to the foregoing which do not in the opinion of IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation: (i) more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or (ii) in the case of a non-share capital corporation, that the IESO has the power to appoint a majority of the Board of Directors; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the following Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO up to the amount of the Commitment. OEFC shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to IESO under the Credit Facility shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

IESO shall use the proceeds of Advances for the following purposes for which it is authorized to borrow funds:

(a) to repay the revolving line of credit with the Toronto Dominion Bank;

(b) for liquidity purposes; and

(c) to fund corporate requirements.

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2, IESO, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder in full on or before April 30, 2013.

Section 2.5 Advances and Payments under this Agreement.

(1) OEFC shall make Advances to IESO under this Agreement to the order of IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by IESO to OEFC from time to time, or in such other manner as IESO may specify to OEFC from time to time.

(2) IESO shall make any payment required hereunder to be made by it to OEFC, to or to the order of OEFC, by wire transfer of immediately available funds in accordance with wire transfer instruction given by OEFC to IESO from time to time, or in such other manner as OEFC may specify to IESO from time to time. IESO shall make each such payment in Canadian Dollars

Section 2.6 Evidence of Indebtedness.

IESO authorizes OEFC to open and maintain records evidencing IESO's obligations under this Agreement and to record therein all advances, interest rates, accrued interest, payments of principal and interest and the aggregate principal and accrued interest outstanding from time to time under this Agreement. IESO agrees that the records kept by the OEFC in the absence of manifest error, shall be prima facie evidence of the indebtedness of IESO and the matters recorded provided that the failure of the OEFC to record or correctly record any amount or date shall not affect the obligation of IESO to repay the aggregate principal amounts and accrued interest thereon owing under this Agreement.

ARTICLE 3
ADVANCES AND INTEREST

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on the first Business Day of each month from and including May 3, 2010 to and including April 1, 2013.

Section 3.2 Procedure for Advances.

(1) Each Advance shall be made subject to four Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by IESO to OEFC. Each notice of an Advance (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1, shall be irrevocable and binding on IESO and shall specify (a) the requested date of the Advance (the **"Advance Date"**), and (b) the principal amount of the Advance which shall be in a minimum amount of $1,000,000.00 (unless otherwise agreed to by OEFC), and in increments of $1,000,000.00 (or such other increments as may be agreed to by OEFC). OEFC will make the principal amount of each Advance available to IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, IESO shall execute and deliver to OEFC a grid promissory note (the "Note") in respect of Advances substantially in the form of Schedule 2. IESO authorizes OEFC to record on the grid promissory note (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of OEFC to record any amount, rate or date shall not affect the obligation of IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) In the event that funds are not received by IESO on the Advance Date, IESO and OEFC agree to take all steps necessary to amend the date of the Advance, without amending the Interest Rate that was agreed to with respect to such Advance.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.3 Interest on Advances.

(1) IESO shall pay interest on the principal amount of each Advance then outstanding in accordance with this Section 3.3 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the first Interest Payment Date following the date of the Advance, at the rate equal to the Interest Rate, and shall be payable on the Interest Payment Date for such Advance. The amount of interest payable on an Advance will be calculated by OEFC by dividing the Interest Rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance then outstanding and further multiplying the result by the number of days in the period from the date of the Advance to the Interest Payment Date.

(i) If an Advance is outstanding on an Interest Payment Date, the interest rate applicable to such Advance shall be reset automatically by OEFC on that date (the "Interest Reset Date"), at the Interest Rate determined as of the Interest Reset Date.

(ii) For each Advance, OEFC shall notify IESO via email of the Interest Rate on the Advance Date and on each Interest Reset Date.

(3) Upon four Business Days prior notice by IESO, OEFC may at its discretion agree to capitalize the interest on any Advance on an Interest Payment Date, which shall be determined in the following manner: each such interest payment due on the Interest Payment Date shall be deemed to form part of the principal amount of the outstanding Advance and interest shall accrue and be payable thereon in accordance with Section 3.3(2). OEFC shall record on the grid forming part of the note: (a) the date and amount of the new Advance; (b) the applicable rate of interest for the Advance; and (c) the outstanding principal amount of the grid promissory note.

(4) Interest shall accrue on the principal amount of each Advance at the Interest Rate as determined from time to time, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default.

Section 3.4 Computations of Interest.

(1) All computations of interest shall be made by OEFC taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any

period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 3.5 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, IESO shall not be obliged to make any payments of interest or other amounts payable to OEFC hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by OEFC of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada), as amended from time to time).

(2) In the event that any such payments are limited or prohibited as provided in Section 3.5(1), OEFC shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 3.6 Conditions Precedent

The obligation of OEFC to make the Advances pursuant to Section 2.1 is subject to the following conditions being met to OEFC's satisfaction at the time of making each Advance:

(a) that the representations and warranties of IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default;

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO; and

(d) that OEFC has received such other documentation which it has reasonably requested to ensure that IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions including resolutions authorizing the borrowing and authorized signatories.

ARTICLE 4

COVENANTS OF IESO

Section 4.1 Payment of Advances.

IESO will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 Use of Proceeds

The monies advanced under this Agreement shall be used only by IESO for the purposes set out in Section 2.3.

Section 4.3 IESO will Maintain its Corporate Existence.

Subject to Section 6.1, IESO will at all times maintain its corporate existence.

Section 4.4 Maintenance of Properties.

IESO will cause all property owned by IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.4 shall prevent IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of IESO or any Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.5 Insurance.

IESO will cause all property owned by IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.6 Conduct of Business.

Subject to Section 4.3, IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.7 Negative Pledge.

IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.7(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.7(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.8 Payment of OEFC Expenses.

IESO will, on demand, reimburse and indemnify OEFC for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OEFC in connection with the preservation of rights under or enforcement of this Agreement at

any time during the continuance of a Default or Event of Default. All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by OEFC) calculated and payable monthly not in advance from in each case from the date on which OEFC incurs the cost, charge or expense until the date on which IESO reimbursement OEFC therefor. OEFC agrees, acting reasonably, to invoice IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.9 Reporting Requirements.

IESO covenants to provide to OEFC, or at its direction, to the Province of Ontario and the Ontario Financing Authority,

(a) any available information respecting its financial position which may be reasonably requested by OEFC, the Province of Ontario or the Ontario Financing Authority from time to time; and

(b) any additional reports or supporting documentation which may be reasonably requested by the OEFC, the Province of Ontario or the Ontario Financing Authority from time to time.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on April 30, 2013;

(c) failure on the part of IESO to observe or perform its obligations set forth in Section 6.1;

(d) failure on the part of IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 30 days after

the date on which written notice of such failure shall have been given to IESO by OEFC;

(e) any representation or warranty made by IESO in this Agreement or in any certificate or other document at any time delivered hereunder to OEFC was incorrect or misleading in any material respect;

(f) one or more breaches by IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $25 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist; or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) IESO, or any Material Subsidiary:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent;

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors; or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets;

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(g)(i) to (iii); or

(h) if there shall be rendered against IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case OEFC may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OEFC.

If an Event of Default occurs and is continuing, OEFC may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in OEFC by this Agreement or by law.

Section 5.4 OEFC May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property

of IESO, or if any other judicial proceedings relative to IESO, its creditors or its property are pending, OEFC shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of OEFC (including any claim for fees and disbursements of OEFC, its agents and counsel as contemplated under Section 4.7) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to OEFC is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of OEFC to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OEFC may be exercised from time to time, and as often as may be deemed expedient, by OEFC.

ARTICLE 6

CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 6.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of OEFC.

Section 6.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 6.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES OF IESO

Section 7.1 Representations and Warranties of IESO.

IESO represents and warrants to OEFC that:

(a) the borrowing of money (including principal and accrued interest) by IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of IESO, laws of Ontario, including laws of Canada applicable therein, applicable to IESO or any contractual or other obligation binding on IESO; and

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of IESO enforceable against it in accordance with its terms.

Section 7.2 Continuation of Representation and Warranties.

The representations and warranties set out in Section 7.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by OEFC, notwithstanding any investigations or examinations which may be made by counsel for OEFC.

ARTICLE 8

GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to IESO, to it at:
Independent Electricity System Operator
655 Bay Street, Suite 410
Toronto, ON M5G 2K4
Attention: Chief Financial Officer
Telephone:
Telecopier:

If to OEFC, to it at:

Ontario Electricity Financial Corporation
c/o Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, ON M7A IY7

Attention: Executive Director - Capital Markets Division
Telephone: (416) 325-8930
Telecopier: (416) 325-8111

provided that any Borrowing Notice shall be addressed as indicated on Schedule 1.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice given in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of OEFC and IESO and their respective successors and permitted assigns, except that IESO shall not, without the prior written consent of OEFC assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of OEFC and IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of IESO and OEFC shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 8.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 23rd day of April, 2010.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Ted Leonard
Vice President, Finance and Chief Financial Officer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: ~~Michael D. Manning~~ DAVID PETERS
Title: ~~Chief Operating Officer~~ DIRECTOR, DEBT MANAGEMENT
CAPITAL MARKETS DIVISION
ONTARIO FINANCING AUTHORITY

SCHEDULE 1

FORM OF BORROWING NOTICE

Date:

Ontario Electricity Financial Corporation **("OEFC")**
c/o Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management
(Fax No. (416-204-7920)

Dear Sirs:

The undersigned, Independent Electricity System Operator ("IESO"), refer to the Revolving Credit Facility Agreement dated •, 2010 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between IESO and OEFC, and gives you notice pursuant to Section 3.2 of the Agreement that IESO requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is •;
(b) The aggregate amount of the Proposed Advance is •;

IESO hereby certifies that:

The representations and warranties of IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received previously as Advances under the Agreement have been expended or are being held solely for the purpose for which they were advanced; no part of said funds has been nor any part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Authorized Signature

Per: _____
Authorized Signature

*To be confirmed by telephone call to OEFC Cash Management (416) 325-8108

SCHEDULE 2

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $60,000,000 Date: •

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid (**"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before April 30, 2013.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated as of April 30, 2010 between IESO and OEFC (the "**Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Credit Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonest and notice of

non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Authorized Signature

Per: _____
Authorized Signature

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID
(Revolving Credit Facility April 30, 2010)

DATE	PRINCIPAL ADVANCED	INTEREST RATE	INTEREST RESET DATE	INTEREST RESET RATE	PRINCIPAL PAYMENT DATE AND AMOUNT	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Dated: April 30, 2010

THIS CREDIT FACILITY AGREEMENT is made on the ● day of ●, 2010

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("**OEFC**")

RECITAL:

IESO has requested a revolving line of credit from OEFC in the amount of up to Sixty Million Dollars for the purpose of replacing the current IESO revolving line of credit with the Toronto-Dominion Bank ~~-~~which is used for liquidity purposes that may also be used to temporarily fund corporate requirements. OEFC has agreed to lend such amount to IESO on the terms and conditions set out herein.

Commented [AP1]: To be consistent with Directive, did not delete "and may also be used to temporarily fund corporate requirements."

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Adjusted Repayment Date" has the meaning specified in Section 3.4.

"Advance Date" has the meaning set forth in Section 3.2. ~~The~~Each Advance Date under the revolving line of credit ~~shall~~ will be the first business day of each relevant month ~~during the term~~ from and including May 1, 2010 to and including August 1, 2013. ~~of the revolving line of credit.~~

"Advances" means advances made by OEFC to IESO under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Applicable Spread" means the additional interest ~~in~~of 25 basis points over the ~~Base~~Interest Rate that will apply to an Advance, as determined by OEFC ~~based on a survey of market rates.~~

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day other than a Saturday, Sunday or a statutory or civic holiday in Toronto, Ontario.

"Commitment" means, at any time, an amount equal to the principal amount of Sixty Million Dollars.

"Consolidated Assets" means, at any time, the book value of IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the revolving credit facility to be made available to IESO by OEFC under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Disposition" has the meaning specified in Section 6.1.

"Dollars" or "$" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"IESO" means Independent Electricity System Operator, a corporation ~~existing under the laws of the Province of Ontario~~, until a successor corporation shall have succeeded to all of the rights and obligations of Independent Electricity System Operator pursuant to Section 6.1 and

Commented [AP2]: If this is deleted, definition needs to be reworded.

thereafter **"IESO"** shall mean such successor corporation (or any successor thereto which shall have become such pursuant to Section 6.1).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Interest Rate" based on the Province of Ontario's cost of borrowing for a 30 day term, as determined as of the first day of each month by OEFC, plus the Applicable Spread. The interest rate for an Advance can be reset monthly on the first Business Day of the month if IESO does not repay the Advance on the applicable Repayment Date. .

"Interest Payment Dates" for any Advance shall be on the first Business Day of each ~~monthly~~month unless IESO provides notice to OEFC and OEFC agrees that IESO will defer payment of the interest by converting the amount of interest due and payable along with the principal amount of the maturing Advance into a new Advance, ~~the semi-annual dates as specified in the Borrowing Notice.~~

Commented [AP3]: This needs work

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO or a Material Subsidiary, to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of IESO or a Material Subsidiary that have not at the time been filed against IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

Commented [KR4]: I do not believe that the IESO has any subsidiaries. It certainly has no Material Subsidiaries.

Commented [PR5]: Does IESO have subsidiaries? I'm currently reviewing this, but IESO counsel should be able to confirm.

Commented [AP6]: We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement

(g) any Lien the validity of which is being contested at the time by IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) pledges of cash or cash equivalents to secure IESO's or a Material Subsidiary's liabilities from time to time under Swap Contracts and pledges of cash or cash equivalents in an aggregate amount not exceeding $25 million at any time to secure IESO's or a Material Subsidiary's liabilities from time to time under commodity swap, commodity option and commodity future contracts entered into in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in prices or availability of commodities purchased or to be purchased by IESO or a Material Subsidiary in the ordinary course of business, and not entered into for the purposes of speculation; and

(k) any other Liens of a nature similar to the foregoing which do not in the opinion of IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date set forth in the applicable Borrowing Notice and Note.

Commented [KR7]: Is the concept of Repayment Date appropriate for this Facility or should the loan simply provide for periodic interest rate resetting?

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

~~(a)~~(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [KR8]:

Commented [PR9]: Please advise if IESO will be using Swaps.

Commented [AP10]: This language has always been included whether or not the entity is entering into swaps. I'm not sure what the original intent was

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the following Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO up to the amount of the Commitment. OEFC shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to IESO under the Credit Facility, a shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

IESO shall use the proceeds of Advances for the following purposes for which it is authorized to borrow funds:

(a) to repay the revolving line of credit with the Toronto Dominion Bank;

(b) for liquidity purposes; and

~~(c)~~ to temporarily fund corporate requirements.

Section 2.4 Mandatory Repayment.

Subject to Sections 3.6 and 5.2, IESO shall repay each Advance on the applicable Repayment Date or Adjusted Repayment Date, as the case may be and in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder in full on or before April 30, 2013.

Commented [KR11]: As above is Mandatory repayment the appropriate concept here. I would assume since the Facility is paying out an existing facility that it is anticipated that there will be a balance outstanding over a significant period.

Section 2.5 Prepayments.

(1) IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of OEFC.

Section 2.6 Advances and Payments under this Agreement.

(1) OEFC shall make Advances to IESO under this Agreement to the order of IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by IESO to OEFC from time to time, or in such other manner as IESO may specify to OEFC from time to time.

(2) IESO shall make any payment required hereunder to be made by it to OEFC, to or to the order of OEFC, by wire transfer of immediately available funds in accordance with wire

transfer instruction given by OEFC to IESO from time to time, or in such other manner as OEFC may specify to IESO from time to time. IESO shall make each such payment in Canadian Dollars

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ARTICLE 3

ADVANCES AND INTEREST

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit -Facility on the first ~~any~~ Business Day of any month up to and including ~~prior to~~ April 1 ,2013.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made ~~on~~subject to four Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by IESO to OEFC. Each notice of an Advance (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1, shall be irrevocable and binding on IESO and shall specify (a) the requested date of the Advance (the **"Advance Date"**), and (b) the principal amount of the Advance which shall be in a minimum amount of $1,000,000.00 (unless otherwise agreed to by OEFC), and in increments of $1,000,000.00 (or such other increments as may be agreed to by OEFC), (c) the Repayment Date of the Advance, which shall be not later than 1 month~~, 2 months or 3 months~~ after the requested date of the Advance, and (d) the Interest Payment Date. OEFC will make the principal amount of each Advance available to IESO in accordance with Article 2.

Issue of Notes

(2) On or before the date of the first Advance hereunder, IESO shall execute and deliver to OEFC an executed grid promissory note (the "Note") in the principal amount of the Commitment ~~respect of Advances~~ substantially in the form of Schedule 3. IESO authorizes OEFC to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of OEFC to record any amount, rate or date shall not affect the obligation of IESO to pay the

Commented [LS12]: See added language in definition. The advance will only be the first of each month.

Commented [KR13]:

Commented [LS14]: The rate set for these loans is one month so the repayment date is one month. The amount could remain outstanding for the term of the facility but they will have to elect to roll the amount each month. Interest needs to be paid on the amount monthly. IESO wants the ability to repay amounts monthly so this is why it is set up this way.

Formatted: Body Text Indent 2, Indent: Left: 0", First line: 0", Line spacing: single

Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) In the event that funds are not received by IESO on the Advance Date, IESO and OEFC agree to take all steps necessary to amend the date of the Advance and the applicable Repayment Date, without amending the interest rate that was agreed to with respect to such Advance.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Commented [LS15]: See question above

Commented [PR16]: This is covered in section 3.4.

Commented [PR17]: Purpose of this provision is unclear. Would IESO ever have a right of set off against OEFC, i.e. would OEFC ever owe a debt to IESO? Deleted text also appears unnecessary.

Commented [AP18]: Included set off provision "just in case" mstances should change at some furutre date.

Section 3.3 Elections Regarding Advances.

(1) IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 1 month, ~~2 months or 3 months~~ beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period or to defer payment of interest by converting into an new Advance shall be made four Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by IESO to OEFC. Each such notice (an **"Election Notice"**) shall be given substantially in the form of Schedule 1 and shall be irrevocable and binding upon IESO. If IESO fails to deliver an Election Notice to OEFC for any Advance as provided herein, such Advance shall be repayable in the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) IESO shall pay interest on the principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual

Commented [LS19]: Interest will be paid monthly. If IESO wants to roll interest, it becomes part of the principal outstanding.

Commented [LS20]:

rate equal to the Province's cost of funds for borrowings with a similar term as determined by OEFC plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by OEFC by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance. If any Repayment Date is not a Business Day, such Repayment Date will be adjusted to the following Business Day, (the "Adjusted Repayment Date"), and notwithstanding Section 1.5 of this Agreement, additional interest shall accrue daily on the principal amount of each Advance at the interest rate applicable, both before and after the date such principal amount or interest thereron becomes due and both before and after Default, and shall be payable together with the principal amount of the Advance on the Adjusted Repayment Date.

OEFC shall notify IESO of the ~~Applicable Spread and Base Rate~~ Interest Rate in writing by no later than 2:00 p.m. the day ~~before~~ of the Advance Date

Commented [AP21]: When and how to you intend to advise IESO of interest rate?

Interest shall accrue daily on the principal amount of each Note from and including the date of the Note to but excluding the Repayment Date of such Advance, at an annual rate equal to the aggregate of the ~~Base~~Interest Rate and the Applicable Spread (both before and after the date such principal amount or interest thereon becomes due and both before and after Default) and shall be payable ~~in equal semi-annual installments~~ monthly on the Interest Payment Dates. Notwithstanding the foregoing, whenever it is necessary to compute interest in respect of the Notes for a period of less than one full year, other than such equal semi-annual installments, such interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be.

(3) If IESO elects to continue an Advance in accordance with Section 3.3(2), OEFC shall determine the interest rate applicable ~~after~~ on the original Repayments Date of the Advance and endorse the said rate on the grid forming part of IESO promissory note in respect of Advances held by it.

Section 3.5 Computations of Interest.

(1) All computations of interest shall be made by OEFC taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 3.6 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, IESO shall not be obliged to make any payments of interest or other amounts payable to OEFC hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by OEFC of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada), as amended from time to time).

(2) In the event that any such payments are limited or prohibited as provided in Section 3.6(1), OEFC shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 3.7 Conditions Precedent

The obligation of OEFC to make the Advances pursuant to Section 2.1 is subject to the following conditions being met to OEFC's satisfaction at the time of making each Advance:

(a) that the representations and warranties of IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default;

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO; and

(d) that OEFC has received such other documentation which it has reasonably requested to ensure that IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions including resolutions authorizing the borrowing and authorized signatories.

ARTICLE 4
COVENANTS OF IESO

Section 4.1 Payment of Advances.

IESO will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 Use of Proceeds

The monies advanced under this Agreement shall be used only by IESO for the purposes set out in Section 2.3.

Section 4.3 IESO will Maintain its Corporate Existence.

Subject to Section 6.1, IESO will at all times maintain its corporate existence.

Section 4.4 Maintenance of Properties.

IESO will cause all property owned by IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.4 shall prevent IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of IESO or any Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.5 Insurance.

IESO will cause all property owned by IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.6 Conduct of Business.

Subject to Section 4.3, IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.7 Negative Pledge.

IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.8 Payment of OEFC Expenses.

IESO will, on demand, reimburse and indemnify OEFC for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by

OEFC in connection with the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default. All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by OEFC) calculated and payable monthly not in advance from in each case from the date on which OEFC incurs the cost, charge or expense until the date on which IESO reimbursement OEFC therefor. OEFC agrees, acting reasonably, to invoice IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.9 Reporting Requirements.

IESO covenants to provide to OEFC, or at its direction, to the Province of Ontario and the Ontario Financing Authority,

(a) any available information respecting its financial position which may be reasonably requested by OEFC, the Province of Ontario or the Ontario Financing Authority from time to time; and

~~(a)~~(b) any additional reports or supporting documentation which may be reasonably requested by the OEFC, the Province of Ontario or the Ontario Financing Authority from time to time.

Commented [PR22]: I think the additional reporting requirement should be included in the covenants section. I note also that the Borrowing Notice requires IESO to certify that the funds are being used for the purposes set out in the agreement. I think the additional language is broad enough to cover reporting regarding the use of funds. Ken – please advise if you think more specific language is required.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on April 30, 2013;

(c) failure on the part of IESO to observe or perform its obligations set forth in Section 6.1;

(d) failure on the part of IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 30 days after the date on which written notice of such failure shall have been given to IESO by OEFC;

(e) any representation or warranty made by IESO in this Agreement or in any certificate or other document at any time delivered hereunder to OEFC was incorrect or misleading in any material respect;

(f) one or more breaches by IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $25 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist; or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) IESO, or any Material Subsidiary:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent;

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors; or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets;

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(g)(i) to (iii); or

(h) if there shall be rendered against IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $25 million by a court or courts of competent jurisdiction, and IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Commented [DH23]: Linda ??- $5 millon for OPA but $25 million in the previous IMO agreement.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case OEFC may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OEFC.

If an Event of Default occurs and is continuing, OEFC may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in OEFC by this Agreement or by law.

Section 5.4 OEFC May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of IESO, or if any other judicial proceedings relative to IESO, its creditors or its property are pending, OEFC shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of OEFC (including any claim for fees and disbursements of OEFC, its agents and counsel as contemplated under Section 4.7) allowed in such judicial proceeding; and

~~(a)~~(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to OEFC is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of OEFC to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OEFC may be exercised from time to time, and as often as may be deemed expedient, by OEFC.

ARTICLE 6

CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 6.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially

Commented [KR24]: There are no material subsidiaries

Commented [KR25]: IESO is a statutory corporation. Any merger would require legislation.

Commented [AP26]: Past practice has been to include this language even if not relevant at the present time

all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the Province of Ontario.

Section 6.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 6.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES OF IESO

Section 7.1 Representations and Warranties of IESO.

IESO represents and warrants to OEFC that:

(a) the borrowing of money (including principal and accrued interest) by IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of IESO, laws of Ontario, including laws of Canada applicable therein, applicable to IESO or any contractual or other obligation binding on IESO; and

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of IESO enforceable against it in accordance with its terms.

Section 7.2 Continuation of Representation and Warranties.

The representations and warranties set out in Section 7.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by OEFC, notwithstanding any investigations or examinations which may be made by counsel for OEFC.

ARTICLE 8

GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to IESO, to it at:

Independent Electricity System Operator
655 Bay Street, Suite 410
Toronto, ON M5G 2K4
Attention: Treasurer
Telephone:
Telecopier:

Commented [DH27]: Need to verify this.

If to OEFC, to it at:

Ontario Electricity Financial Corporation
c/o Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, ON M7A IY7

Attention: Executive Director - Capital Markets Division
Telephone: (416) 325-8930
Telecopier: (416) 325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice given in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of OEFC and IESO and their respective successors and permitted assigns, except that IESO shall not, without the prior written consent of OEFC assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of OEFC and IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of IESO and OEFC shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 8.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the ● day of , ●, 2010.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name:
Authorized Signing Officer

and:_____
Name:
Authorized Signing Officer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

FORM OF BORROWING NOTICE

Date:

Ontario Electricity Financial Corporation **("OEFC")**
c/o Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management
(Fax No. (416) 204-6648)

Dear Sirs:

The undersigned, Independent Electricity System Operator ("IESO"), refer to the Revolving Credit Facility Agreement dated ●, 2010 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between IESO and OEFC, and gives you notice pursuant to Section 3.2 of the Agreement that IESO requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **●;**
(b) The aggregate amount of the Proposed Advance is ●;
(c) The Repayment Date of the Proposed Advance is ●; [must be not more than 3 months after the date of the Proposed Advance, and

Commented [AP28]: Linda-you deleted © but I suggest leaving in the language that requires the repayment date to be specified as it will provide someo f the information to be recorded on the grid note .

IESO hereby certifies that:

The representations and warranties of IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received previously as Advances under the Agreement have been expended or are being held solely for the purpose for which they were advanced; no part of said funds has been nor any part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Authorized Signature

Per: _____
Authorized Signature

*To be confirmed by telephone call to OEFC Cash Management (416) 325-8108

SCHEDULE 2

FORM OF ELECTION NOTICE

Date:

Ontario Electricity Financial Corporation **("OEFC")**
c/o Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management
(Fax No. (416) 204-6648)

Dear Sirs:

The undersigned, Independent Electricity System Operator ("IESO"), refer to the Revolving Credit Facility Agreement dated ●, 2010 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between IESO and OEFC, and gives you notice pursuant to Section 3.3 of the Agreement that IESO elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3 of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $•;
(b) The date of the Advance, being a Business Day is •;
(c) The new Repayment Date Applicable to such Advance is •; [not more than 3 months after the current Repayment Date for the Advance.]
years after the date of the Proposed Advance, and

(d)The Interest Payment Dates are [ ].

IESO hereby certifies that:

The representations and warranties of IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received previously as Advances under the Agreement have been expended or are being held solely for the purpose for which they were advanced; no part of said funds has been nor any part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Authorized Signature

Per: _____
Authorized Signature

*To be confirmed by telephone call to OEFC Cash Management (416) 325-8108

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $60,000,000 Date: •

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). ~~$ in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.~~

Commented [AP29]: Specific payment dates would not be in the Credit Agreement

~~The~~ All outstanding principal amounts ~~of~~ under this Note together with all interest accrued thereon ~~shall become due and payable~~ must be paid on or before April 30, 2013~~on •~~.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the grid attached hereto (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Borrowing Notices provided under the Revolving Credit Facility Agreement dated as of •, 2010 between IESO and OEFC (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

~~The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after Default at the rate of per annum equal to •%. Interest at such rate shall accrue daily and~~

Commented [AP30]: Don't we need to provide for interest calculations if there is a default or payment not received when due?

~~shall be payable in arrears, in~~ xxx ~~payments on • of each year commencing • until repaid in full. Overdue interest shall bear interest at the same rate, calculated as aforesaid. Whenever it is necessary to compute interest in respect of this Note for a period of less than one full year, other than of days elapsed in a year of 365 days or 366 days, as the case may be.~~

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Credit Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonest and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Authorized Signature

Per: _____
Authorized Signature

Need to add in Form of Grid

Commented [AP31]: Language for computation should be kept in-want all relevant information on prom note- don't want to need to refer to the agreement as the prom note will be kept in the safe, separate from agreement

Commented [PR32]: This para. not required b/c a grid promissory note is being used. Under section 3.3, this information would

From:	Sarah Harris
To:	Kelly Listoe
Subject:	Fwd: IESO - Rural or Remote Electricity Rate Protection Variance
Date:	Tuesday, June 20, 2017 6:43:44 PM
Attachments:	Grid Note for RPP as of June 20, 2017.xls ATT00001.htm Grid Note for RRRP as of June 20, 2017.xls ATT00002.htm

---

Hi Kelly,

I think I know what may be going on here, but let's talk tomorrow morning.

Sarah

Sent from my iPhone

Begin forwarded message:

From: San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Date: June 20, 2017 at 4:13:53 PM EDT
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>, Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: IESO - Rural or Remote Electricity Rate Protection Variance

Hi Kelly,
OFA has provided an advance (LOC) to IESO under a new facility " Rural or Remote Electricity Rate Protection Variance".
If there is a new agreement for this facility could you pls forward us a copy. We require this for presentation in OFA's June 30, 2017 Financial statements.
Thanks
San

From: Risa Thau
Sent: Tuesday, June 20, 2017 2:40 PM
To: 'Olga Whiteley' <Olga.Whiteley@ieso.ca>
Cc: LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Subject: IESO Grid Notes
Hi Olga,
Please find attached the Grid Notes for RRRP and RPP as of June 20, 2017. You will notice that they are in Excel format as I still have to manually calculate them. Our IT department has corrected the Grid Note but the adjustment has not yet been deployed to production. This should be done within the next week. If you need a PDF version of the Grid Notes please let me know and I will send them to you next week.
Thanks,
Risa Thau

Manager, Settlements, Payments and Fiscal Agency
Ontario Financing Authority
Phone: 416-325-6879
Fax: 416-204-7945
Mobile: 416-728-9920

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Regulated Price Plan Variance
Schedule of loan transa 21-Jul-2017
Loan Limit: 975,000,000.00
Loan Advanced to: 20-Jun-2017

New Loan and/or Rollover

New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31

	Actual Repayment		
Interest Amount	Actual Repayment	Principal	Interest
$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10
$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59
$11,022.06	$11,022.06	$0.00	$11,022.06
$51,431.79	$51,431.79	$0.00	$51,431.79
$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62
$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28
$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76
$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68
$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92
73,796.11	$0.00	$0.00	$0.00

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19-Sep-2016	31
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23-May-2017	29
21-Jul-2017	31

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Rural or Remote Electricity Rate Protection Variance
Schedule of loan transa 20-Jun-2017
Loan Limit: 475,000,000.00
Loan Advanced to: 20-Jun-2017

New Loan and/or Rollover

New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31

	Actual Repayment		
Interest Amount	Actual Repayment	Principal	Interest
$842.02	$842.02	$0.00	$842.02
2,950.27	$0.00	$0.00	$0.00

Actual Repayment Date	Actual No. Of Days
20-Jun-2017	33
21-Jul-2017	31

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Thanks
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Sent: Tuesday, June 20, 2017 2:40 PM
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Manager, Settlements, Payments and Fiscal Agency
Ontario Financing Authority
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Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Rural or Remote Electricity Rate Protection Variance
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20-Jun-2017	33
21-Jul-2017	31

From: Sarah Harris
To: William Tan
Subject: Fwd: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Thursday, June 22, 2017 12:22:16 PM
Attachments: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
ATT00001.htm

Hi Will,

Can you please print Lisa's marked up version to .pdf and send it too me. I can't see her comments in her version on my iPhone Iphone.

Thanks
Sent from my iPhone

Begin forwarded message:

> **From:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Date:** June 22, 2017 at 11:17:03 AM EDT
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>, William Tan <William.Tan@ofina.on.ca>
> **Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc**
>
> Hi Sarah and William,
> Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I've identified that require further drafting/consideration.
> Thank you,
> Lisa
> ***Lisa N. Stein***
> Legal Counsel
> Ontario Financing Authority
> 416-325-2320
> **********
> This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
> **********

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

a~~A~~s Lender

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a~~s~~ statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(~~the "OFA"~~)(as Lender)

RECITALS:

WHEREAS t~~T~~he IESO has requested a ~~short term~~ revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of ~~its funding from the OFA to~~ supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Formatted: Font: Italic

Formatted: Font: Italic

Formatted: Font: Not Bold

Commented [LS1]: Consistent with Directive

Formatted: Font: Italic

Commented [LS2]: Not necessary

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [LS4]: As per Sarah H.'s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~"**Note**" means the notes of IESO issued under this Agreement.~~

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such ~~Material~~ Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [LS6]: I don't think this is necessary. Otherwise there are already references to "Credit Facility" throughout. There are also references to "Grid Note" in Schedule 3.

Commented [LS7]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

Commented [LS8]: As per Sarah's comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

Commented [LS9]: Delete as per above?

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [LS10]: Delete if references to "Subsidiary" deleted

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

~~(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,~~

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the OFHP,

(2) ~~With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, T~~the IESO is expected to recover or repay ~~such~~ the proceeds for each Advances ~~over~~ a period of no more than 12 months from the date of ~~the~~ such Advance."

Section 2.3 ~~Commitment and~~ Credit Facility Limit~~s~~.

The Advances Outstanding ~~to the IESO under the Short Term Credit Facility~~ outstanding shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no ~~re~~payment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

Commented [LS11]: Salman please update this section

Commented [WT12]: Salman and Lisa, please comment if this regulation still applies?

Commented [LS13R12]: No. See below

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Commented [LS14]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [WT15]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Commented [LS16]: As per internal e-mail chain. IESO to confirm - Short to medium?

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(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Commented [LS18]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province~~ OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province~~ OFA

Commented [LS19]: Why are there references to the Province?

hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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Commented [WT20]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Commented [LS21R20]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

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Commented [LS22]: Change to defined term throughout

Commented [LS23]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The ~~Note~~ Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~OFA's~~ Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

Commented [LS24]: Confirm with Capital Markets and be consistent with subsequent reference

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~IESO~~ Grid Note ~~promissory note~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS25]: If referring to Subsidiaries in agreement, include here as well?

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

Commented [LS26]: Why was this changed? Appears redundant.

The IESO will duly and punctually pay ~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and~~ all ~~other~~ amounts owing under this Agreement in accordance with the terms ~~and~~ and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1,~~ The IESO will at all times maintain its corporate existence.

Commented [LS27]: Deleted s. 7.1 as n/a in this context

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~OFA's~~ Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may ~~require~~ request from time to time.

Commented [LS29]: Should we include a timeline? E/g within X business days of request?

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any ~~Loan~~ Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the principal amount of~~ any ~~Advance~~ Advance when it becomes due and payable, if such failure continues ~~and all interest accrued thereon on the applicable Repayment Date~~ for a period of 3 Bbusiness Dd~~d~~ays; ~~and any other amounts owing under this Agreement when due;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement,

Commented [LS30]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [WT31]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS32R31]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and

capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
~~CONSOLIDATION, AMALGAMATION, MERGER OF IESO~~

Commented [LS33]: N/A in context of IESO

~~Section 7.1 Certain Requirements in Respect of Merger, etc.~~

~~IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~Section 7.2 Successor Substituted.~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.~~

ARTICLE 8
GENERAL

Commented [LS34]: Change numbering throughout and references if applicable

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this ~~Amending~~ Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____ ~~Name:~~

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS35]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) [Identify Advance in question] ~~The date of the proposed election, being a Business Day is _____;~~
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "~~Company~~IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS36]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

~~Line of~~ Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: William Tan
Subject: Fwd: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Thursday, June 22, 2017 12:22:16 PM
Attachments: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
ATT00001.htm

Hi Will,

Can you please print Lisa's marked up version to .pdf and send it too me. I can't see her comments in her version on my iPhone Iphone.

Thanks
Sent from my iPhone

Begin forwarded message:

> **From:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Date:** June 22, 2017 at 11:17:03 AM EDT
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>, William Tan <William.Tan@ofina.on.ca>
> **Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc**
>
> Hi Sarah and William,
> Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I've identified that require further drafting/consideration.
> Thank you,
> Lisa
> ***Lisa N. Stein***
> Legal Counsel
> Ontario Financing Authority
> 416-325-2320
> **********
> This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
> **********

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

a~~A~~s Lender

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a~~s~~ statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(~~the "OFA"~~)(as Lender)

RECITALS:

WHEREAS t~~T~~he IESO has requested a ~~short term~~ revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of ~~its funding from the OFA to~~ supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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Commented [LS2]: Not necessary

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [LS4]: As per Sarah H.'s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~"**Note**" means the notes of IESO issued under this Agreement.~~

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such ~~Material~~ Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [LS6]: I don't think this is necessary. Otherwise there are already references to "Credit Facility" throughout. There are also references to "Grid Note" in Schedule 3.

Commented [LS7]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

Commented [LS8]: As per Sarah's comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

Commented [LS9]: Delete as per above?

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [LS10]: Delete if references to "Subsidiary" deleted

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

~~(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,~~

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the OFHP,

(2) ~~With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, T~~the IESO is expected to recover or repay ~~such~~ the proceeds for each Advances ~~over~~ a period of no more than 12 months from the date of ~~the~~ such Advance."

Section 2.3 ~~Commitment and~~ Credit Facility Limit~~s~~.

The Advances Outstanding ~~to the IESO under the Short Term Credit Facility~~ outstanding shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no ~~re~~payment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

Commented [LS11]: Salman please update this section

Commented [WT12]: Salman and Lisa, please comment if this regulation still applies?

Commented [LS13R12]: No. See below

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Commented [LS14]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [WT15]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Commented [LS16]: As per internal e-mail chain. IESO to confirm - Short to medium?

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Commented [LS17]: As noted earlier, change to "Credit Facility" throughout

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Commented [LS18]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province~~ OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province~~ OFA

Commented [LS19]: Why are there references to the Province?

hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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Commented [WT20]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Commented [LS21R20]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

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Commented [LS22]: Change to defined term throughout

Commented [LS23]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The ~~Note~~ Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~OFA's~~ Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

Commented [LS24]: Confirm with Capital Markets and be consistent with subsequent reference

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~IESO~~ Grid Note ~~promissory note~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS25]: If referring to Subsidiaries in agreement, include here as well?

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

Commented [LS26]: Why was this changed? Appears redundant.

The IESO will duly and punctually pay ~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and~~ all ~~other~~ amounts owing under this Agreement in accordance with the terms ~~and~~ and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1,~~ The IESO will at all times maintain its corporate existence.

Commented [LS27]: Deleted s. 7.1 as n/a in this context

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [LS28]: Keep?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~OFA's~~ Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may ~~require~~ request from time to time.

Commented [LS29]: Should we include a timeline? E/g within X business days of request?

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any ~~Loan~~ Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the principal amount of~~ any ~~Advance~~ Advance when it becomes due and payable, if such failure continues ~~and all interest accrued thereon on the applicable Repayment Date~~ for a period of 3 Bbusiness Dd~~d~~ays; ~~and any other amounts owing under this Agreement when due;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement,

Commented [LS30]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [WT31]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS32R31]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and

capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
~~CONSOLIDATION, AMALGAMATION, MERGER OF IESO~~

Commented [LS33]: N/A in context of IESO

~~Section 7.1 Certain Requirements in Respect of Merger, etc.~~

~~IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~Section 7.2 Successor Substituted.~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.~~

ARTICLE 8
GENERAL

Commented [LS34]: Change numbering throughout and references if applicable

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this ~~Amending~~ Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____ ~~Name:~~

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS35]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) [Identify Advance in question] ~~The date of the proposed election, being a Business Day is _____;~~
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "~~Company~~IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS36]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

~~Line of~~ Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: Opal Kandelas
Subject: Fwd: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 7:54:27 PM

OIC is now $2 billion.

Begin forwarded message:

> **From:** Salman Qadir <Salman.Qadir@ofina.on.ca>
> **Date:** May 30, 2017 at 5:35:58 PM EDT
> **To:** "Patrick Rundans (MOF)" <Patrick.Rundans@ontario.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>, Bruno Amara <Bruno.Amara@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>
> **Subject: OIC s22 CIPA - OFA-IESO**
>
> Hi Patrick,
> As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.
> I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.
> Let us know.
> Thank you,
> Salman

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> Let us know.
> Thank you,
> Salman

From:	San Rajaratnam
To:	Kelly Listoe
Cc:	Sarah Harris; Siva Nathan
Subject:	IESO - Rural or Remote Electricity Rate Protection Variance
Date:	Tuesday, June 20, 2017 4:13:54 PM
Attachments:	Grid Note for RPP as of June 20, 2017.xls Grid Note for RRRP as of June 20, 2017.xls

---

Hi Kelly,

OFA has provided an advance (LOC) to IESO under a new facility " Rural or Remote Electricity Rate Protection Variance".

If there is a new agreement for this facility could you pls forward us a copy. We require this for presentation in OFA's June 30, 2017 Financial statements.

Thanks

San

From: Risa Thau
Sent: Tuesday, June 20, 2017 2:40 PM
To: 'Olga Whiteley' <Olga.Whiteley@ieso.ca>
Cc: LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Subject: IESO Grid Notes

Hi Olga,

Please find attached the Grid Notes for RRRP and RPP as of June 20, 2017. You will notice that they are in Excel format as I still have to manually calculate them. Our IT department has corrected the Grid Note but the adjustment has not yet been deployed to production. This should be done within the next week. If you need a PDF version of the Grid Notes please let me know and I will send them to you next week.

Thanks,

Risa Thau

Manager, Settlements, Payments and Fiscal Agency

Ontario Financing Authority

Phone: 416-325-6879

Fax: 416-204-7945

Mobile: 416-728-9920

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Regulated Price Plan Variance
Schedule of loan transa 21-Jul-2017
Loan Limit: 975,000,000.00
Loan Advanced to: 20-Jun-2017

New Loan and/or Rollover

New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31

	Actual Repayment		
Interest Amount	Actual Repayment	Principal	Interest
$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10
$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59
$11,022.06	$11,022.06	$0.00	$11,022.06
$51,431.79	$51,431.79	$0.00	$51,431.79
$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62
$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28
$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76
$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68
$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92
73,796.11	$0.00	$0.00	$0.00

Actual Repayment Date	Actual No. Of Days
19-Sep-2016	31
19-Oct-2016	30
21-Nov-2016	33
21-Dec-2016	30
20-Jan-2017	30
21-Feb-2017	32
21-Mar-2017	28
24-Apr-2017	34
23-May-2017	29
21-Jul-2017	31

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Rural or Remote Electricity Rate Protection Variance
Schedule of loan transa 20-Jun-2017
Loan Limit: 475,000,000.00
Loan Advanced to: 20-Jun-2017

New Loan and/or Rollover

New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31

	Actual Repayment		
Interest Amount	Actual Repayment	Principal	Interest
$842.02	$842.02	$0.00	$842.02
2,950.27	$0.00	$0.00	$0.00

Actual Repayment Date	Actual No. Of Days
20-Jun-2017	33
21-Jul-2017	31

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To:	Kelly Listoe
Cc:	Sarah Harris; Siva Nathan
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Manager, Settlements, Payments and Fiscal Agency

Ontario Financing Authority

Phone: 416-325-6879

Fax: 416-204-7945

Mobile: 416-728-9920

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Regulated Price Plan Variance
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Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Rural or Remote Electricity Rate Protection Variance
Schedule of loan transa 20-Jun-2017
Loan Limit: 475,000,000.00
Loan Advanced to: 20-Jun-2017

New Loan and/or Rollover

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$842.02	$842.02	$0.00	$842.02
2,950.27	$0.00	$0.00	$0.00

Actual Repayment Date	Actual No. Of Days
20-Jun-2017	33
21-Jul-2017	31

From:	Lisa Stein
To:	Sarah Harris; Kelly Listoe
Subject:	IESO Amending Agreement No 6 to change $90 M note OFA Legal Comments Doc(4).doc
Date:	Thursday, April 27, 2017 12:44:21 PM
Attachments:	IESO Amending Agreement No 6 to change $90 M note OFA Legal Comments Doc(4).doc
Importance:	High

Further to our discussion, please see attached amendments. I've restructured the paragraphs to allow for definitions of Part A and Part B. Please review and we can discuss further this afternoon.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures. ~~, provided IESO is authorized to borrow funds for such purpose.~~ The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

~~he interest rate shall be set on May 1, 2017 with interest accruing on Part A commencing on April 30, 2017 and on Part B commencing on May 1, 2017.~~

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 ~~million advanced to IESO pursuant to section 1a.1 of this Agreement~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Commented [LS1]: NTD: Already defined above.

Notwithstanding Section 1.5 herein, the interest rate on the Fifrth Refinancing Note shall be set on Monday, May 1, 2017, with interest

accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the amount of the first such interest payment for the Fifth Refinancing Note shall be calculated in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This amending agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This amending agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million, whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million, whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of

interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	Sarah Harris
To:	Lisa Stein; Salman Qadir; Kelly Listoe
Cc:	Shajee Kathirgamanathan
Subject:	IESO Concern re: "Market Renewals Program
Date:	Wednesday, April 26, 2017 11:02:02 AM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comment....doc
Importance:	High

Hello All,

Lisa and I discussed a concern expressed by IESO's counsel yesterday regarding the reference of "costs related to the market renewals" program in the second recital of the attached amending agreement.

> ***AND WHEREAS*** *IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein)* **and costs related to the market renewals program**;

The wording of the Directive states,

> It is now desirable to increase the Line of Credit to a principal amount of up to C$160 million to provide temporary funding for IESO corporate requirements and costs related to the market renewals program, and to extend the mandatory repayment date

IESO in the draft amending agreement defines "IESO Corporate Requirements" to mean any borrowing authorized by O. Reg. 280/14. IESO's counsel has stated that the market renewals program requirements would be authorized under O. Reg 280/14.

We would propose changing the second recital to incorporate 'market renewal program' under IESO Corporate Requirements, such that the second recital would read:

> ***AND WHEREAS*** *IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein)* ~~and costs related to the market renewals program~~;

SALMAN: Is there any reason this **cannot** be done? i.e. was there a specific reason for singling out "costs related to the market renewals program" in the Directive? As a note, IESO's counsel asked to see the Directive. I am unsure whether in drafting the directive, if they ever would have gotten a copy, or if they typically would?

Lisa has schedule a meeting a 1 p.m. to discuss this. Lisa, since this seems to be the only outstanding issue (we are fine with the suggestions discussed on the other draft), that it may only be necessary for you and Salman to let us know if the proposed solution above is acceptable. We are available to discuss if I have not reflected the issue accurately.

Thanks,
Sarah

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN ~~$110 million~~$95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide ~~temporary~~ ~~temporary~~ funding for IESO Corporate Requirements (as defined herein) ~~; and costs related to the market renewals program;~~ and costs related to the market renewals program;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of IESO Corporate Requirements is added as follows:

   "IESO Corporate~~Corporation~~ Requirements" means ~~short-term liquidity and~~any borrowing ~~general corporate~~ purposes authorized by O. Reg. 280/14 made under the

Commented [LS1]: NTD: Okay, As per discussion with Salman, the fact that this is a revolving line of credit implies it is "temporary" and therefore not off-side the Directive. The word "temporary" in the Directive was not intended to apply to the "costs related to the market renewals program" as these are likely to be capital costs.

Commented [LS2]: This is used throughout. I recommend defining throughout and using defined term throughout. Speak to to IESO regarding this definition.

Electricity Act, 1998 (as such regulation may be amended or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) The definition of "New IESO" is deleted.

v) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of ~~this~~ Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vi) The definition of "OPA" is deleted.

~~vi)~~vii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.~~the following purposes for which it is authorized by regulation to borrow funds:~~

~~(a) To repay the revolving line of credit with the Toronto Dominion Bank;~~
~~(b) For liquidity purposes; and~~
~~To fund IESO Corporate Requirements.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

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Commented [LS3]: Is this referring to Ontario's Fair Hydro Plan, as referred to below? If so, as per my comment below, I recommend defining this term and using it here as well.

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Commented [LS4]: Kelly please review definition of IESO Corporate Requirements and confirm this is correct and covers the uses previously contemplated in the draft for this section

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~~5.~~6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change ~~in the financial condition of the IESO~~for the purposes of this Section; and

7. The Form of Borrowing Notice ~~as set out in Amendment No.5 to the Agreement~~ is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1. ~~be amended to delete the paragraph headed "Use of Funds" and replace it with the following:~~

~~**Use of Funds**~~

~~The undersigned hereby certifies that the funds requested under this notice will be used for IESO Corporate Requirements.~~

~~(c)~~

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Commented [LS6]: I recommend deleting borrowing notice and replacing it with revised borrowing notice containing amendment, attached as a Schedule to this amending agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, ~~and~~ by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement"). ~~(collectively the "Agreement").~~

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record

on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From:	Sarah Harris
To:	Lisa Stein; Salman Qadir; Kelly Listoe
Cc:	Shajee Kathirgamanathan
Subject:	IESO Concern re: "Market Renewals Program
Date:	Wednesday, April 26, 2017 11:02:02 AM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comment....doc
Importance:	High

Hello All,

Lisa and I discussed a concern expressed by IESO's counsel yesterday regarding the reference of "costs related to the market renewals" program in the second recital of the attached amending agreement.

> ***AND WHEREAS*** *IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein)* **and costs related to the market renewals program**;

The wording of the Directive states,

> It is now desirable to increase the Line of Credit to a principal amount of up to C$160 million to provide temporary funding for IESO corporate requirements and costs related to the market renewals program, and to extend the mandatory repayment date

IESO in the draft amending agreement defines "IESO Corporate Requirements" to mean any borrowing authorized by O. Reg. 280/14. IESO's counsel has stated that the market renewals program requirements would be authorized under O. Reg 280/14.

We would propose changing the second recital to incorporate 'market renewal program' under IESO Corporate Requirements, such that the second recital would read:

> ***AND WHEREAS*** *IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein)* ~~and costs related to the market renewals program~~;

SALMAN: Is there any reason this **cannot** be done? i.e. was there a specific reason for singling out "costs related to the market renewals program" in the Directive? As a note, IESO's counsel asked to see the Directive. I am unsure whether in drafting the directive, if they ever would have gotten a copy, or if they typically would?

Lisa has schedule a meeting a 1 p.m. to discuss this. Lisa, since this seems to be the only outstanding issue (we are fine with the suggestions discussed on the other draft), that it may only be necessary for you and Salman to let us know if the proposed solution above is acceptable. We are available to discuss if I have not reflected the issue accurately.

Thanks,

Sarah

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN ~~$110 million~~$95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide ~~temporary~~ ~~temporary~~ funding for IESO Corporate Requirements (as defined herein) ~~; and costs related to the market renewals program;~~ and costs related to the market renewals program;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

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"Note" means the $160 Million Note issued pursuant to Section 2 of ~~this~~ Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vi) The definition of "OPA" is deleted.

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2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

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~~(a) To repay the revolving line of credit with the Toronto Dominion Bank;~~
~~(b) For liquidity purposes; and~~
~~To fund IESO Corporate Requirements.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

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7. The Form of Borrowing Notice ~~as set out in Amendment No.5 to the Agreement~~ is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1. ~~be amended to delete the paragraph headed "Use of Funds" and replace it with the following:~~

~~**Use of Funds**~~

~~The undersigned hereby certifies that the funds requested under this notice will be used for IESO Corporate Requirements.~~

~~(c)~~

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, ~~and~~ by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement"). ~~(collectively the "Agreement").~~

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record

on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From:	LeRoy Ahyee
To:	Kelly Listoe
Cc:	Sarah Harris; Nurudin Kaba
Subject:	IESO Coupons
Date:	Friday, May 05, 2017 9:40:27 AM
Attachments:	IESO Coupons report June 30th 2017.pdf

Hello Kelly:

Per discussion with Sarah, I've attached a copy of the coupons report for IESO for the current interest calculation period. Please note, the amounts are separate as each face amount has a separate CUSIP.

Kindly let me know whether you have any questions.

LeRoy

LeRoy Ahyee

Settlements Officer | Ontario Financing Authority

Ph: 416-325-8076 | Cell: 416-473-1081

LeRoy.Ahyee@ofina.on.ca

Coupon Payments And Receipts

Select Criteria: Coupon Due Date Range : From 30-Jun-17 To 30-Jun-17
Client = OEFC
Portfolio = PROMIMO
Sort : By Default - Client , Portfolio, Instrument Type, PayDate

Coupon PayDate	Coupon DueDate	Repo Maturity	Direction	CPN Returned	UnderLying		FaceValue	Cur'cy	Coupon Payable	Coupon Receivable	Repo Interest	HedgeSN	TradeNo
Client:	**OEFC**												
Portfolio:	**Notes Receivable from IESO**												
30 Jun 17	30 Jun 17				IESO_1.767%_30-Jun-2020		90,000,000.00	CAD		265,776.16		IESO2020	
						SubTotal	90,000,000.00			265,776.16			
						Total	90,000,000.00			265,776.16			
30 Jun 17	30 Jun 17				IESO_1.767%_30-Jun-2020		30,000,000.00	CAD		87,139.73		IESO2020	
						SubTotal	30,000,000.00			87,139.73			
						Total	30,000,000.00			87,139.73			

Net From Issuer:	**CAD**	**352,915.89**
Net From RTN:		
Grand Total :	**120,000,000.00**	**352,915.89**

To: William Tan
Subject: IESO Credit Facility
Date: Wednesday, June 07, 2017 12:36:37 PM

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: William Tan
To: Sarah Neville
Cc: Salman Qadir; Sarah Harris
Subject: IESO Credit Facility Amending Agreement and new IESO FHP Credit Facility Agreement
Date: Tuesday, June 06, 2017 12:16:08 PM

Hello Sarah,

I am preparing an IESO Credit Facility Amending Agreement and a New IESO FHP Credit Facility Agreement. Please let me know who would be available to assist with these agreements? Salman Qadir is working on the related directive and he would also require counsel to work on that as well. It would make sense to have the same counsel from OFA legal to assigned to the same file.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Sarah Neville
Cc: Salman Qadir; Sarah Harris
Subject: IESO Credit Facility Amending Agreement and new IESO FHP Credit Facility Agreement
Date: Tuesday, June 06, 2017 12:16:08 PM

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I am preparing an IESO Credit Facility Amending Agreement and a New IESO FHP Credit Facility Agreement. Please let me know who would be available to assist with these agreements? Salman Qadir is working on the related directive and he would also require counsel to work on that as well. It would make sense to have the same counsel from OFA legal to assigned to the same file.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	Salman Qadir
Cc:	Bruno Amara; John Kim; William Tan; Sarah Harris
Subject:	IESO DIRECTIVE decrease line of credit.docx
Date:	Tuesday, June 13, 2017 4:01:16 PM
Attachments:	IESO DIRECTIVE decrease line of credit.docx IESO_OFA Amendment No 10-revOFA legal.docx

---

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

Whereas:

Pursuant to a directive dated December 22, 2004 the Minister of Finance approved and directed the Ontario Financing Authority ("OFA") to make loans (the "Loans") to the Ontario Power Authority ("OPA") from time to time, as considered necessary by the OPA to meet its purposes, up to the maximum aggregate amount of $500 million, and to enter into a revolving credit facility agreement setting out the terms of the Loans (the "Credit Agreement").

Pursuant to a further directive dated October 3, 2005 the Minister of Finance approved and directed the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million.

Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator (the "IESO"). Under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation.

The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Commented [LS1]: Program area to confirm

It is now desirable to agree to the IESO's request to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Dated , 2017

_____

Charles Sousa

Minister of Finance

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "~~**Amended** **Credit** **Agreement**~~");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975 million and the OPA issued a grid note dated [INSERT] to the OFA for a principal amount of up to $975 million (the "Grid Note");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated c~~C~~orporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the ~~grid note~~credit operating facility is CDN $(·);

AND WHEREAS the IESO and the OFA have now agreed to decrease the ~~operating~~ total principal amount of the ~~credit~~operating facility ~~by CDN $500,000,000, from a principal amount of up to~~ CDN $975,000,000 to a principal amount of up to ~~CDN~~ $475 million;~~,000,000~~.

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

Commented [A1]: Existing Balance to be confirmed with Cash Management.

Commented [A2]: Lisa, would you like a recital to the effect that the original credit facility was for $500M, that is was increased to $975M (amending agreement #3)?

Commented [A3]: Yes, in this case the amount of the facility is relevant

2. ~~Schedule 3 of the Agreement, IESO Grid Note, is deleted and replaced by the IESO Grid Note attached hereto as Schedule 3.~~On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of ~~up~~ to $475,000 substantially in the form of the grid note attached hereto and~~. And~~ indicating a total principal amount of advances outstanding to date of $XXXXX.

~~2.~~3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing ~~grid promissory note~~gGrid n~~N~~ote to the IESO.

IN ALL OTHER RESPECTS, the ~~said~~ Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A4]: Lisa, IESO Grid Note is not currently a defined term. Does this need to be a defined term?

Commented [A5]: Not here, as this is the title of the Schedule itself

Commented [A6]: New form of Grid Note must be attached

Commented [A7]: Insert amount once determined

Formatted: Highlight

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "~~Company~~**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~ IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From:	Lisa Stein
To:	Salman Qadir
Cc:	Bruno Amara; John Kim; William Tan; Sarah Harris
Subject:	IESO DIRECTIVE decrease line of credit.docx
Date:	Tuesday, June 13, 2017 4:01:16 PM
Attachments:	IESO DIRECTIVE decrease line of credit.docx IESO_OFA Amendment No 10-revOFA legal.docx

---

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

Whereas:

Pursuant to a directive dated December 22, 2004 the Minister of Finance approved and directed the Ontario Financing Authority ("OFA") to make loans (the "Loans") to the Ontario Power Authority ("OPA") from time to time, as considered necessary by the OPA to meet its purposes, up to the maximum aggregate amount of $500 million, and to enter into a revolving credit facility agreement setting out the terms of the Loans (the "Credit Agreement").

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Dated , 2017

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Charles Sousa

Minister of Finance

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-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

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Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

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This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~ IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From:	Salman Qadir
To:	Lisa Stein
Cc:	Bruno Amara; Sarah Neville; Sarah Harris; William Tan
Subject:	IESO Directive and Credit Facility
Date:	Tuesday, June 06, 2017 3:39:09 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx IESO_OFA FHP 2017 Credit Letter - SIGNED.docx 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v1.docx

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Hi Lisa/all,

I thought I'd take this time to send around some background information that you may or may not have – just to ensure we're working from the same documents for reference.

Please see attached:

1) LRC Approval Form: Some background notes on the OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
2) Proposed OIC: OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
3) Request Letter from IESO outlined some of the key terms of the proposed agreement. OFA agrees with the request.
4) To help facilitate, I used an older directive (Algonquin College from 2011), did a new version for this agreement. Defer to Lisa on the language though.

Timing:

- Unless otherwise instructed, we are looking to have the agreement in place for July 1, 2017 (business day: July 3, 2017).
- We're hoping that we can finalize the directive by next week. Both the agreement and the directive are expected to be worked on simultaneously.
- We should aim to get a first draft agreement to IESO as soon as we can as well.
- OIC should be in approved for Tuesday, June 27, 2017.

As I type this, I do not think we can have the directive signed before the OIC is approved since the directive makes reference to the OIC. Any thoughts on this are welcome.

Happy to discuss further once you have reviewed, as needed.

Thank you,

Salman

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to make a loan to Independent Electricity System Operator ("IESO") in a total amount of up to CAD $2,000,000,000.00 (the "Loan").

Commented [SQ21]: Consistent with OIC.

The following terms and conditions shall apply in respect of the Loans:

1. The Loan shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of the Fair Hydro Plan, under the *Ontario Fair Hydro Plan Act, 2017.*

2. A Loan to IESO will only be made at the request and on the recommendation of the Minister of Energy.

3. The OFA will charge interest on the Loan equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread ("Spread").

4. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.

Commented [SQ22]: Consistent with OIC.

5. Each of the Loans shall be evidenced by a loan agreement containing terms and conditions consistent with this Directive and approved by the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the Spread, if any, for the Loan as set out above.

Dated , 2017

_____
Charles Sousa
Minister of Finance

From:	Salman Qadir
To:	Lisa Stein
Cc:	Bruno Amara; Sarah Neville; Sarah Harris; William Tan
Subject:	IESO Directive and Credit Facility
Date:	Tuesday, June 06, 2017 3:39:09 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx IESO_OFA FHP 2017 Credit Letter - SIGNED.docx 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v1.docx

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Hi Lisa/all,

I thought I'd take this time to send around some background information that you may or may not have – just to ensure we're working from the same documents for reference.

Please see attached:

1) LRC Approval Form: Some background notes on the OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
2) Proposed OIC: OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
3) Request Letter from IESO outlined some of the key terms of the proposed agreement. OFA agrees with the request.
4) To help facilitate, I used an older directive (Algonquin College from 2011), did a new version for this agreement. Defer to Lisa on the language though.

Timing:

- Unless otherwise instructed, we are looking to have the agreement in place for July 1, 2017 (business day: July 3, 2017).
- We're hoping that we can finalize the directive by next week. Both the agreement and the directive are expected to be worked on simultaneously.
- We should aim to get a first draft agreement to IESO as soon as we can as well.
- OIC should be in approved for Tuesday, June 27, 2017.

As I type this, I do not think we can have the directive signed before the OIC is approved since the directive makes reference to the OIC. Any thoughts on this are welcome.

Happy to discuss further once you have reviewed, as needed.

Thank you,

Salman

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to make a loan to Independent Electricity System Operator ("IESO") in a total amount of up to CAD $2,000,000,000.00 (the "Loan").

Commented [SQ21]: Consistent with OIC.

The following terms and conditions shall apply in respect of the Loans:

1. The Loan shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of the Fair Hydro Plan, under the *Ontario Fair Hydro Plan Act, 2017.*

2. A Loan to IESO will only be made at the request and on the recommendation of the Minister of Energy.

3. The OFA will charge interest on the Loan equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread ("Spread").

4. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.

Commented [SQ22]: Consistent with OIC.

5. Each of the Loans shall be evidenced by a loan agreement containing terms and conditions consistent with this Directive and approved by the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the Spread, if any, for the Loan as set out above.

Dated , 2017

_____
Charles Sousa
Minister of Finance

From:	Sarah Neville
To:	Salman Qadir; Lisa Stein; William Tan
Cc:	Bruno Amara; Sarah Harris; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	IESO Directive and Credit Facility
Date:	Wednesday, June 07, 2017 1:46:34 PM

Hello-

By way of follow up on our discussions about this yesterday, I just spoke with Malle and she has advised that Toby will be working on the loan agreement from the MOF perspective as he has involvement in other aspects of the implementation of the plan.

In addition, Malle reminded me that there will be need to be a Promissory Note between OFA and the Province in respect of the on-lending authorized by OIC. I assume this is part of the routine process but just flag it as another moving part.

Thanks very much,

Sarah

Sarah Neville
Director, Legal Branch
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From:	Salman Qadir
To:	Lisa Stein; Bruno Amara; Sarah Harris; William Tan
Cc:	John Kim; Kenneth Russell
Subject:	IESO Minister"s Directive
Attachments:	Directive IESO FHP 2017 v2.docx

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Salman

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

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- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

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Cc:	John Kim
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oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	IESO OFA Amending Agreement 10
Date:	Monday, June 12, 2017 4:32:02 PM
Attachments:	IESO_OFA Amendment No 10.docx

Hello Lisa,

Please find the attached IESO OFA Amending Agreement No. 10. Please review and comment.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Amended Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated Corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the grid note is $(·);

AND WHEREAS the IESO and the OFA have now agreed to decrease the operating facility to a principal amount of up to $475,000,000.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of Commitment in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. Schedule 3 of the Agreement, IESO Grid Note, is deleted and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: Existing Balance to be confirmed with Cash Management.

Commented [A2]: Lisa, would you like a recital to the effect that the original credit facility was for $500M, that is was increased to $975M (amending agreement #3)?

Commented [A3]: Recitals are non-binding and for informational purposes to help provide history and context for the amendment

Commented [A4]: Lisa, IESO Grid Note is not currently a defined term. Does this need to be a defined term?

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From:	William Tan
To:	Sarah Harris
Subject:	IESO OFA Amending Agreement Draft
Date:	Friday, June 02, 2017 1:42:08 PM
Attachments:	Letter Agt IESO_OFA Amendment No 10 (Draft).docx IESO Replacement Note July 2017 (Draft).doc

---

Hello Sarah,

Please find the drafts for the IESO OFA amending agreement No. 10. Let me know if you have any comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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ACKNOWLEDGEMENT AND AGREEMENT

This Acknowledgement Agreement (this "**Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8") and January 10, 2017 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Amended Agreement**");

AND WHEREAS IESO and OFA now wish to further amend the Agreement in anticipation of the creation of the Fair Hydro Plan (FHP), effective July (·), 2017. Pursuant to the Fair Hydro Plan Act, 2017 OFA would be directed to provide a credit facility to the IESO. The Fair Hydro Plan will create a new separate and additional FHP Credit facility of $2,000,000,000 under the FHP IESO OFA Credit Facility Agreement. The FHP includes reducing the credit facility amount in the existing IESO and OFA Credit Agreement of $975,000,000 down to $475,000,000.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good an valuable consideration, the receipt and sufficiency of which are hereby acknowledge, the parties hereto herby agree as follows:

1. The first sentence of the Recital in the Agreement is deleted and replaced by the following;

   "The IESO has requested an operating line of credit from the OFA in the amount of $475 million and the OFA has agreed to provide such a line of credit to the IESO.";

2. The definition of Commitment in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor;

3. Schedule 3 of the Agreement, IESO Grid note, is deleted and replaced by the IESO Grid Note attached hereto as Schedule 3;

4. Schedule 3, date hereof the total principle amount of advances outstanding under the grid note is $(·);

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From:	William Tan
To:	Sarah Harris
Subject:	IESO OFA Amending Agreement Draft
Date:	Friday, June 02, 2017 1:42:08 PM
Attachments:	Letter Agt IESO_OFA Amendment No 10 (Draft).docx IESO Replacement Note July 2017 (Draft).doc

---

Hello Sarah,

Please find the drafts for the IESO OFA amending agreement No. 10. Let me know if you have any comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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ACKNOWLEDGEMENT AND AGREEMENT

This Acknowledgement Agreement (this "**Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8") and January 10, 2017 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Amended Agreement**");

AND WHEREAS IESO and OFA now wish to further amend the Agreement in anticipation of the creation of the Fair Hydro Plan (FHP), effective July (·), 2017. Pursuant to the Fair Hydro Plan Act, 2017 OFA would be directed to provide a credit facility to the IESO. The Fair Hydro Plan will create a new separate and additional FHP Credit facility of $2,000,000,000 under the FHP IESO OFA Credit Facility Agreement. The FHP includes reducing the credit facility amount in the existing IESO and OFA Credit Agreement of $975,000,000 down to $475,000,000.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good an valuable consideration, the receipt and sufficiency of which are hereby acknowledge, the parties hereto herby agree as follows:

1. The first sentence of the Recital in the Agreement is deleted and replaced by the following;

   "The IESO has requested an operating line of credit from the OFA in the amount of $475 million and the OFA has agreed to provide such a line of credit to the IESO.";

2. The definition of Commitment in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor;

3. Schedule 3 of the Agreement, IESO Grid note, is deleted and replaced by the IESO Grid Note attached hereto as Schedule 3;

4. Schedule 3, date hereof the total principle amount of advances outstanding under the grid note is $(·);

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From: Lisa Stein
To: Sarah Harris
Subject: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27-rev.doc
Date: Thursday, April 27, 2017 4:08:52 PM
Attachments: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27-rev.doc

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Aamending Aagreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"

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Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Aamending Aagreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

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IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From:	Lisa Stein
To:	"victor.buza@ieso.ca"
Cc:	Sarah Harris; Kelly Listoe; Salman Qadir
Subject:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Date:	Wednesday, April 26, 2017 1:57:01 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Importance:	High

Hi Victor,

Further to our call yesterday, I've met with my clients and revised the draft amending agreement accordingly. Please review the attached draft, which includes comments for your attention, and send us a further draft/execution version for review at your earliest convenience. If you would like to discuss, please do not hesitate to contact me.

Sincerely,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto, ON M7A 1Y7
Tel: 416-325-2320
Fax: 416-204-7781

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This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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Please consider the environment before printing this email.

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein) ~~-~~; ~~and costs related to the market renewals program;~~

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

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   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

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or replaced from time to time) , other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means

~~iv)~~v) The definition of "New IESO" is deleted.

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~~vi)~~vii) The definition of "OPA" is deleted.

~~vii)~~viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

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7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

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IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From:	Lisa Stein
To:	"victor.buza@ieso.ca"
Cc:	Sarah Harris; Kelly Listoe; Salman Qadir
Subject:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Date:	Wednesday, April 26, 2017 1:57:01 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Importance:	High

Hi Victor,

Further to our call yesterday, I've met with my clients and revised the draft amending agreement accordingly. Please review the attached draft, which includes comments for your attention, and send us a further draft/execution version for review at your earliest convenience. If you would like to discuss, please do not hesitate to contact me.

Sincerely,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto, ON M7A 1Y7
Tel: 416-325-2320
Fax: 416-204-7781

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****

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

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by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

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The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From:	Lisa Stein
To:	Kelly Listoe
Cc:	Sarah Harris
Subject:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments.doc
Date:	Tuesday, April 25, 2017 3:08:14 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments.doc

---

Hi Kelly,

Please see my comments on the attached. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN ~~$110 million~~$95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide ~~temporary~~ ~~temporary~~ funding for IESO Corporate Requirements (as defined herein) ~~; and costs related to the market renewals program;~~ and costs related to the market renewals program;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of IESO Corporate Requirements is added as follows:

   "IESO Corporate~~Corporation~~ Requirements" means ~~short-term liquidity and~~any borrowing ~~general corporate~~ purposes authorized by O. Reg. 280/14 made under the

Commented [LS1]: NTD: Okay, As per discussion with Salman, the fact that this is a revolving line of credit implies it is "temporary" and therefore not off-side the Directive. The word "temporary" in the Directive was not intended to apply to the "costs related to the market renewals program" as these are likely to be capital costs.

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Electricity Act, 1998 (as such regulation may be amended or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) The definition of "New IESO" is deleted.

v) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of ~~this~~ Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vi) The definition of "OPA" is deleted.

~~vi)~~vii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.~~the following purposes for which it is authorized by regulation to borrow funds:~~

~~(a) To repay the revolving line of credit with the Toronto Dominion Bank;~~
~~(b) For liquidity purposes; and~~
~~To fund IESO Corporate Requirements.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

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~~5.~~6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change ~~in the financial condition of the IESO~~for the purposes of this Section; and

7. The Form of Borrowing Notice ~~as set out in Amendment No.5 to the Agreement~~ is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1. ~~be amended to delete the paragraph headed "Use of Funds" and replace it with the following:~~

~~**Use of Funds**~~

~~The undersigned hereby certifies that the funds requested under this notice will be used for IESO Corporate Requirements.~~

~~(c)~~

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, ~~and~~ by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement"). ~~(collectively the "Agreement").~~

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record

on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

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This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From:	Lisa Stein
To:	Kelly Listoe
Cc:	Sarah Harris
Subject:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments.doc
Date:	Tuesday, April 25, 2017 3:08:14 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments.doc

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Hi Kelly,

Please see my comments on the attached. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN ~~$110 million~~$95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide ~~temporary~~ ~~temporary~~ funding for IESO Corporate Requirements (as defined herein) ~~; and costs related to the market renewals program;~~ and costs related to the market renewals program;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

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v) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of ~~this~~ Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vi) The definition of "OPA" is deleted.

~~vi)~~vii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.~~the following purposes for which it is authorized by regulation to borrow funds:~~

~~(a) To repay the revolving line of credit with the Toronto Dominion Bank;~~
~~(b) For liquidity purposes; and~~
~~To fund IESO Corporate Requirements.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

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7. The Form of Borrowing Notice ~~as set out in Amendment No.5 to the Agreement~~ is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1. ~~be amended to delete the paragraph headed "Use of Funds" and replace it with the following:~~

~~**Use of Funds**~~

~~The undersigned hereby certifies that the funds requested under this notice will be used for IESO Corporate Requirements.~~

~~(c)~~

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, ~~and~~ by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement"). ~~(collectively the "Agreement").~~

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record

on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

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This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From: Lisa Stein
To: Sarah Harris
Subject: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27-rev.doc
Date: Thursday, April 27, 2017 4:08:52 PM
Attachments: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27-rev.doc

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

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   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

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6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Aamending Aagreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Aamending Aagreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

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The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From: Lisa Stein
To: Kelly Listoe; Sarah Harris; Salman Qadir; Kenneth Russell
Subject: IESO agreements

From: William Tan
To: Lisa Stein; Salman Qadir
Cc: Sarah Neville; Sarah Harris
Subject: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
Date: Thursday, June 01, 2017 1:47:12 PM

Hello all,

I will be assisting with the amendment to the existing IESO and OFA Credit Agreement and drafting of the new IESO and OFA, FHP Credit Facility Agreement. I am fairly available if you have any suggestions or questions for me. I will put together a draft for each credit facility as soon as possible. The draft will require several revisions before final completion. For each draft I ask you to please identify any additional and specific information that I have missed. I look forward working with all of you.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Lisa Stein; Salman Qadir
Cc: Sarah Neville; Sarah Harris
Subject: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
Date: Thursday, June 01, 2017 1:47:12 PM

Hello all,

I will be assisting with the amendment to the existing IESO and OFA Credit Agreement and drafting of the new IESO and OFA, FHP Credit Facility Agreement. I am fairly available if you have any suggestions or questions for me. I will put together a draft for each credit facility as soon as possible. The draft will require several revisions before final completion. For each draft I ask you to please identify any additional and specific information that I have missed. I look forward working with all of you.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: William Tan
Subject: IESO-OFA Agreement

From: Sarah Harris
To: Lisa Stein
Subject: IESO
Date: Wednesday, June 21, 2017 9:31:00 AM

Hi Lisa,
I'm going to be out between 9:45 a.m. and about 12:30 p.m.
If there's anything that you think it would be helpful to discuss on the IESO agreement, I'm free to come down after that.
Toby would be looking at the agreement as well. In the interest of time, I'm thinking it may be worth bringing in Toby at the point when you've finished your review, if feasible. I'm away tomorrow, but I'm hoping that we can get the agreement in good enough shape to send to IESO tomorrow.
Thanks,
Sarah

From: Sarah Harris
To: Opal Kandelas
Subject: Just an FYI in case anyone is asking tomorrow
Date: Thursday, May 25, 2017 4:07:16 PM
Attachments: RE OIC s22 CIPA - OFA-IESO.msg
RE OIC s22 CIPA - OFA-IESO.msg

I'm attaching my comments on the draft package for the OFA OIC in relation to IESO for the FHP.
Hurrah for government acronyms.

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Sarah Harris []
To: Salman Qadir [Salman.Qadir@ofina.on.ca]; Patrick Rundans (MOF) [Patrick.Rundans@ontario.ca]
CC: Shajee Kathirgamanathan [Shajee.Kathirgamanathan@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Thursday, May 25, 2017 14:16:46
Attachment 1: 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v3.doc
Attachment 2: 2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc
Attachment 3: 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc

---

Hi Salman and Patrick,

I was sick yesterday and did not have the opportunity to comment on the drafts. Please see my comments, attached.

Patrick – my understanding (through Dimitri working on the other OFA OIC for name changes) is that the materials for the June 27th LRC are due to be delivered to the DMO office by EOD tomorrow. Is this your understanding? Salman – if this is the case, this OIC package will need to be signed by Gadi tomorrow and delivered to Patrick tomorrow for LSB's sign-off as well (Patrick I'm assuming you would be delivering the package).

Salman, you'll also have to make sure that a) the item has been entered into EVISTA by the DMO and you have the EVISTA number and 2) that you have made them aware that the package is coming. To that point, you should also coordinate with Anna in Gadi's office to let her know that you will have package for signing by Gadi and to confirm his availability. You'll need a covering blue sign-off sheet. Let me know if you need some of the 'special blue paper' for printing.

Finally, on the LRC approval form, you can insert the following as the Policy Advisor at the DMO: DMO contact: Jonathan Tekle 416-325-8736. You should be able to touch base with Jonathan to confirm the following information for your LRC Approval Form:

Cabinet Office Policy	[name] [title] Cabinet Office

Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 5:16 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us

know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,
Salman

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Commented [SH1]: To be filled in.

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

CONFIDENTIAL CABINET DOCUMENT
LRC Ministry Approval Form – version 10.02

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA")~~CIPA~~, which will authorize the Minister of Finance to provide ~~a~~ loan(s) to the OFA in an amount of up to $3.5 billion. This authorization will be valid between the date of ~~this approval~~the OIC is approved and ~~March 31~~June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA authorized by the Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed Fair Hydro Plan Act.

-

s. 2 Approach and Intended Outcomes

- The OFA provides financing to government entities as directed by the Minister of Finance. For the OFA to on-lend, the OFA borrows from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act.

- The OFA will be required to provide a revolving credit facility for market liquidity purposes related to the on-going Fair Hydro Plan Act. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO").

- A key element of the proposed Fair Hydro Plan Act results in the IESO ~~to~~ incurring a funding shortfall and unilaterally selling that shortfall as an asset to

Commented [SH2]: For consistency, "the" in front of "IESO" needs to be included throughout the document or excluded throughout (see paragraphs below, where "the" is missing)

OPG Trust. The proposed legislation does not compel OPG Trust to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event ~~if for some reason~~ the OPG Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts under the proposed Fair Hydro Plan Act.

- IESO has currently requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the Fair Hydro Plan implementation. The $2 billion request from IESO is based on current data; it is possible that the data (?) may ~~which could~~ change and ~~in order to maintain the Fair Hydro Plan Act and the OIC authorization is~~ an amount of $3.5 billion is required for the OIC to ensure there is sufficient contingency in order to maintain the Fair Hydro Plan Act once ~~in place once~~ the implementation begins~~.~~.

- For the OFA to accommodate this request, an OIC must be approved to permit the OFA to ~~can only~~ on-lend funds borrowed from the Minister of Finance.
  ~~, which are authorized under an OIC, hence this request.~~

- The Minister of Finance will be required to provide a Directive to the OFA for any loans made as a result of this OIC and will subject to the of $3.5 billion set by this OIC.

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s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in the 2017 Ontario Budget ~~2017~~, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.

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- The ability for the OFA to have the borrowing and on-lending capacity is instrumental in implementing the proposed Fair Hydro Plan.

- The Fair Hydro Plan ~~and its related proposed Fair Hydro~~ Act ~~are~~ is expected to track for Cabinet approval by end of June 2017. It is expected that this OIC will also be approved concurrently, as it is a crucial component of the successfull~~y~~ implement~~ing~~ation of the Fair Hydro Plan.

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- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

Commented [SH3]: Not sure if this is required, but if so, it may be better use plain language, as cost of funds may be an unfamiliar term to non-finance folks.

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s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. ~~The~~A D~~d~~irective from the Minister will be required that will provide direction on~~provides details on~~ how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council related to the proposed Fair Hydro Act**

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan~~(s)~~ to the Ontario Financing Authority ("OFA"). The proceeds from these loans will allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") as required under the Province's proposed Fair Hydro Plan Act.

Under the mechanism in the proposed Fair Hydro Plan Act, the IESO requires a revolving credit facility to cover clean energy costs if for some reason the Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts. For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA.

Commented [SH1]: Not sure if this level of description is required? Is it possible to delete and to combine the 1st and 2nd paragraphs ?

Attached for your signature is a memorandum from you to the Minister requesting that the Minister approve the OIC. This OIC is on track to be approved on June 27, 2017 together with proposed submission related to the proposed Fair Hydro Plan Act.

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council related to the proposed Fair Hydro Act**

Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of obtaining authorization to make loan~~(s)~~ to the Ontario Financing Authority ("OFA"). The proceeds from these loans will allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") as required under the Province's proposed Fair Hydro Plan Act.

Under the mechanism in the proposed Fair Hydro Plan Act, the IESO requires a revolving credit facility to cover clean energy costs if for some reason the Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts. For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA.

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Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment
c. Gadi Mayman

From: Sarah Harris []
To: Salman Qadir [Salman.Qadir@ofina.on.ca]; Patrick Rundans (MOF) [Patrick.Rundans@ontario.ca]
CC: Shajee Kathirgamanathan [Shajee.Kathirgamanathan@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Thursday, May 25, 2017 15:46:58

Hi Salman,

I think the DMO would need to get the ok from CO, so I would ask DMO specifically what the latest acceptable cut off would be. I doubt Monday would be a problem, though.

Sarah

From: Salman Qadir
Sent: Thursday, May 25, 2017 3:06 PM
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Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Hi Sarah,

Thanks for this. DMO is aware and we now have a tracking number: OICNA-13188.

Since we have a tracking number, can this wait a few days? I note that Gadi is away this week anyways (Ron is acting) and DMO is aware of this. I assume if its okay with DMO, we can wait?

Thanks,
Salman

From: Sarah Harris
Sent: Thursday, May 25, 2017 2:16 PM
To: Salman Qadir; Patrick Rundans (MOF)
Cc: Shajee Kathirgamanathan; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman and Patrick,

I was sick yesterday and did not have the opportunity to comment on the drafts. Please see my comments, attached.

Patrick – my understanding (through Dimitri working on the other OFA OIC for name changes) is that the materials for the June 27th LRC are due to be delivered to the DMO office by EOD tomorrow. Is this

your understanding? Salman – if this is the case, this OIC package will need to be signed by Gadi tomorrow and delivered to Patrick tomorrow for LSB's sign-off as well (Patrick I'm assuming you would be delivering the package).

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Finally, on the LRC approval form, you can insert the following as the Policy Advisor at the DMO: DMO contact: Jonathan Tekle 416-325-8736. You should be able to touch base with Jonathan to confirm the following information for your LRC Approval Form:

Cabinet Office Policy	[name] [title] Cabinet Office

Thanks,
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For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,
Salman

From: Sarah Harris
To: Opal Kandelas
Subject: Just an FYI in case anyone is asking tomorrow
Date: Thursday, May 25, 2017 4:07:16 PM
Attachments: RE OIC s22 CIPA - OFA-IESO.msg
RE OIC s22 CIPA - OFA-IESO.msg

I'm attaching my comments on the draft package for the OFA OIC in relation to IESO for the FHP.
Hurrah for government acronyms.

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

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CC: Shajee Kathirgamanathan [Shajee.Kathirgamanathan@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Thursday, May 25, 2017 14:16:46
Attachment 1: 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v3.doc
Attachment 2: 2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc
Attachment 3: 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc

---

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I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,
Salman

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Commented [SH1]: To be filled in.

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

CONFIDENTIAL CABINET DOCUMENT
LRC Ministry Approval Form – version 10.02

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA")~~CIPA~~, which will authorize the Minister of Finance to provide ~~a~~ loan(s) to the OFA in an amount of up to $3.5 billion. This authorization will be valid between the date of ~~this approval~~the OIC is approved and ~~March 31~~June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA authorized by the Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed Fair Hydro Plan Act.

-

s. 2 Approach and Intended Outcomes

- The OFA provides financing to government entities as directed by the Minister of Finance. For the OFA to on-lend, the OFA borrows from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act.

- The OFA will be required to provide a revolving credit facility for market liquidity purposes related to the on-going Fair Hydro Plan Act. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO").

- A key element of the proposed Fair Hydro Plan Act results in the IESO ~~to~~ incurring a funding shortfall and unilaterally selling that shortfall as an asset to

Commented [SH2]: For consistency, "the" in front of "IESO" needs to be included throughout the document or excluded throughout (see paragraphs below, where "the" is missing)

OPG Trust. The proposed legislation does not compel OPG Trust to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event ~~if for some reason~~ the OPG Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts under the proposed Fair Hydro Plan Act.

- IESO has currently requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the Fair Hydro Plan implementation. The $2 billion request from IESO is based on current data; it is possible that the data (?) may ~~which could~~ change and ~~in order to maintain the Fair Hydro Plan Act and the OIC authorization is~~ an amount of $3.5 billion is required for the OIC to ensure there is sufficient contingency in order to maintain the Fair Hydro Plan Act once ~~in place once~~ the implementation begins~~.~~.

- For the OFA to accommodate this request, an OIC must be approved to permit the OFA to ~~can only~~ on-lend funds borrowed from the Minister of Finance.
  ~~, which are authorized under an OIC, hence this request.~~

- The Minister of Finance will be required to provide a Directive to the OFA for any loans made as a result of this OIC and will subject to the of $3.5 billion set by this OIC.

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s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in the 2017 Ontario Budget ~~2017~~, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.

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- The ability for the OFA to have the borrowing and on-lending capacity is instrumental in implementing the proposed Fair Hydro Plan.

- The Fair Hydro Plan ~~and its related proposed Fair Hydro~~ Act ~~are~~ is expected to track for Cabinet approval by end of June 2017. It is expected that this OIC will also be approved concurrently, as it is a crucial component of the successfull~~y~~ implement~~ing~~ation of the Fair Hydro Plan.

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- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

Commented [SH3]: Not sure if this is required, but if so, it may be better use plain language, as cost of funds may be an unfamiliar term to non-finance folks.

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s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. ~~The~~A D~~d~~irective from the Minister will be required that will provide direction on~~provides details on~~ how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council related to the proposed Fair Hydro Act**

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Commented [SH1]: Not sure if this level of description is required? Is it possible to delete and to combine the 1st and 2nd paragraphs ?

Attached for your signature is a memorandum from you to the Minister requesting that the Minister approve the OIC. This OIC is on track to be approved on June 27, 2017 together with proposed submission related to the proposed Fair Hydro Plan Act.

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

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Will keep you posted on any further developments.

Thank you,
Salman

Date: Wednesday, April 05, 2017 12:44:39 PM

Hello Mike,

Per your conversation with Opal, attached is a sample Non-Disclosure Agreement that can be sent to Ministry of Energy for their consideration.

You may note to MOE that the agreement is still fairly general in nature, and that we have highlighted for them on the first page of the draft a number of issues that they may want to consider incorporating in their draft including the clarification of the scope services provided and any relevant conflicts of interest. They may also want to consider entering into a separate agreement for advisory services, as discussed on the first page of the draft.

Thanks,

Kelly

From:	William Tan
To:	Sarah Harris
Subject:	Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA
Date:	Tuesday, June 13, 2017 11:42:11 AM
Attachments:	20170613114132796.pdf

Fyi, I found the attached in the paper files.

From: William Tan
Sent: Tuesday, June 13, 2017 11:35 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hello Lisa,

Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,

Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

DIRECTIVE

by

Minister of Finance

TO: Ontario Financing Authority ("OFA)
COPY TO: Ontario Power Authority ("OPA")

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is Directed as follows:

1. Services to the OPA

(i) Services

The OFA shall assist the OPA in carrying out financing transactions on behalf of the OPA and under its direction. Such financing transactions and all activities incidental thereto shall be conducted by the OFA, directly or through service providers engaged by the OFA, for so long as the OPA requires such services from the OFA and so long as the OFA agrees to provide such services. The OFA shall offer to provide such services for at least one year from the date hereof.

The services provided by the OFA to the OPA shall include:

a. borrowing, including refinancing, renewing or replacing debt;

b. managing OPA debt, including servicing and retiring debt;

c. investing OPA's funds;

d. cash management, banking, accounting, financial reporting;

e. providing administrative, technical and other support for the foregoing activities and for the day to day operation of OPA; and

f. such other services as OPA and OFA may agree from time to time.

(ii) Terms

a. The terms on which the services will be provided by the OFA to the OPA, including duration and termination of the services, will be set out in a Service Agreement to be entered into by the OFA and the OPA.

b. The Service Agreement shall require the OFA to be compensated by the OPA for all costs and expenses incurred by the OFA in providing the services. The terms of such compensation shall be set out in the Service Agreement.

2. Borrowing for OPA

The Minister of Finance hereby approves and directs the OFA to make loans to the OPA from time to time, as considered necessary by the OPA to meets its purposes. The loans shall be provided to the OPA at a rate equal to the Province's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate. The terms of the loan shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

The aggregate amount of the loans shall not exceed $500 million at any time. All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

Dated DECEMBER 22nd, 2004

The Honorable Greg Sorbara
Minister of Finance

Acknowledgment by OPA

To: The Honorable Greg Sorbara
Minister of Finance

And To: Ontario Financing Authority

OPA acknowledges the above Directive and agrees to comply with its terms as they relate to OPA. OPA agrees that it will only use the proceeds of loans it receives from OFA pursuant to this directive for the purposes listed herein.

Dated January 11, 2005, ~~2004~~

OPA

By: Rosalyn Lawrence
R Jennings

From:	Whitfield, Tobias P. (MOF)
To:	Kelly Listoe; Opal Kandelas; Sarah Harris
Cc:	Malle Hanslep (MOF)
Subject:	NDA Agreement
Date:	Monday, April 03, 2017 11:58:02 AM
Attachments:	GA NDA April 3.doc Sample Advisory Agreement.PDF

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.

Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.

We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

[ONTARIO FINANCING AUTHORITY][NTD: WHO WILL BE THE CONTRACTING PARTY?]
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving an [**informal][NTD: Need to consider scope of retainer]** assessment/advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 Canadian and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]**by or on behalf of [**OFA]** [or Her Majesty in right of Ontario (the "Province")] for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of **[OFA]**, which consent may be withheld in [**OFA]'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

(a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the **[OFA]** are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by **[OFA]** to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of **[OFA]** and/or the Province [NTD: Could it also be information of OPG?] and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and **[OFA]** regarding the Project identified therein, and to provide advice and/or further information to **[OFA]** in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, , directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,, directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. The Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners, , directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

8. **Retention, Return or Destruction of Project Information**

[Suggest we do not include this unless requested to.]

Adviser/Dealer] shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.

9. **Breach**

[Adviser/Dealer] acknowledges that breach of any provision of this Agreement will result in immediate and irreparable harm to **[OFA] and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach **[OFA]** and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, , director or officer, shall be reported to **[OFA]** by **[Adviser/Dealer]**.

10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

11. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that **[OFA]** is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by **[OFA]** under this Agreement, **[Adviser/Dealer]** will cooperate with **[OFA]** in identifying records responsive to the request and responding to it in a timely manner.

12. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.
The obligations of **[Adviser/Dealer]** after the return to **[OFA]** of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify **[OFA]** of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

[Insert contact details]

(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

13. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

14. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

[ONTARIO FINANCING AUTHORITY]
by:

_____

Name: ●
Title: ●

[ADVISER/DEALER]
by:

_____

Name:
Title:
I have the authority to bind the company.

FINANCIAL ADVISORY SERVICES

AGREEMENT

THIS AGREEMENT ("the Agreement"), made in duplicate, for Financial Advisory Services is effective as of the **16th of August, 2004.**

BETWEEN:

Ontario Financing Authority

(referred to as "OFA")

AND:

CIBC World Markets Inc.

(referred to as the "Supplier")

In consideration of their respective agreements set out below, the parties covenant and agree as follows:

ARTICLE 1 – INTERPRETATION AND GENERAL PROVISIONS

1.01 **Defined Terms**

When used in the Agreement, the following words or expressions have the following meanings:

"Authority" means any government authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Agreement; and **"Authorities"** means all such authorities, agencies, bodies and departments;

"**Business Day**" means 8:00 a.m. to 5:00 p.m. any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year's Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day which the OFA has elected to be closed for business;

"Confidential Information" means all information of the Province (including the OFA and OEFC) and OPG that is of a confidential nature, including all confidential information in the custody or control of OFA, the Province and OPG, regardless of whether it is identified as confidential or not, and whether recorded or not, and however fixed, stored, expressed or embodied, which comes into the knowledge, possession or control of the Supplier in connection with the Agreement. For the purposes or greater certainty, Confidential Information shall:

(a) include: (i) all new information derived at any time from any such information whether created by OFA, the Province or OPG, the Supplier or any third-party; (ii) all information (including Personal Information) that OFA, the Province and OPG is obliged, or has the discretion, not to disclose under provincial or federal legislation; (iii) the fact that Confidential Information has been made available to the Supplier; (iv) the Deliverables;

(b) not include information that: (i) is or becomes generally available to the public without fault or breach on the part of the Supplier of any duty of confidentiality owed by the Supplier to OFA, the Province or OPG or to any third-party; (ii) the Supplier can demonstrate to have been rightfully obtained by the Supplier, without any obligation of confidence, from a third-party who had the right to transfer or disclose it to the Supplier free of any obligation of confidence; (iii) the Supplier can demonstrate to have been rightfully known to or in the possession of the Supplier at the time of disclosure, free of any obligation of confidence when disclosed; or (iv) is independently developed by the Supplier; but the exclusions in this subparagraph shall in no way limit the meaning of Personal Information or the obligations attaching thereto under the Agreement or at law;

"**Conflict of Interest**" includes, but is not limited to, any situation or circumstance where:

(a) in relation to the RFP process, the proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) having or having access to information in the preparation of its Proposal that is confidential to the OFA and not available to other proponents; (ii) communicating with any person with a view to influencing preferred treatment in the RFP process; or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the competitive RFP process and render that process non-competitive and unfair; or;

(b) in relation to the performance of its contractual obligations in this Agreement, the Supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

"Deliverables" means everything developed for or provided to the OFA in the course of performing under the Agreement or agreed to be provided to the OFA under the Agreement, by the Supplier or its partners, employees, volunteers, agents or subcontractors, as further defined, but not limited by Schedule 1, including but not limited to any goods or services or any and all Intellectual Property and any and all concepts, techniques, ideas, information, documentation and other materials, however recorded, developed or provided;

"Derivative Work" means a work based on the Supplier's Intellectual Property including, without limitation, an adaptation, modification, translation, expansion, condensation or transformation, that if prepared without authorization, would constitute copyright infringement or infringement of any other Intellectual Property right;

"FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended.

"Fiscal Year" means the period running from April 1 in one calendar year to, and including, March 31 in the next calendar year.

"Government" means the Government of Ontario;

"Indemnified Parties" means OFA, directors, appointees and employees of the OFA, and Her Majesty the Queen in right of Ontario, her Ministers, appointees and employees;

"Industry Standards" include, but are not limited to (a) the provision of any and all labour, supplies, equipment and other goods or services that are necessary and can reasonably be understood or inferred to be included within the scope of the Agreement or customarily furnished by Persons providing Deliverables of the type provided hereunder in similar situations in Ontario and; (b) adherence to commonly accepted norms of ethical business practices, which shall include the Supplier establishing, and ensuring adherence to, precautions to prevent its employees or agents from providing or offering gifts or hospitality of greater than nominal value to any person acting on behalf of or employed by OFA and the Province.

"Intellectual Property" means any intellectual, industrial or other proprietary right of any type in any form protected or protectable under the laws of Canada, any foreign country, or any political subdivision of any country, including, without limitation, any intellectual, industrial or proprietary rights protected or protectable by legislation, by common law or at equity;

"Newly Created Intellectual Property" means any Intellectual Property created by the Supplier in the course of performance of its obligations under the Agreement;

"OFA" means Ontario Financing Authority;

"OFA Address" means 1 Dundas Street West, Suite 1400, Toronto, Ontario, M7A 1Y7;

"OFA Representative" means Chief Executive Officer (CEO), OFA;

"OPG" means Ontario Power Generation Inc. and its subsidiaries;

"Person" if the context allows, includes any persons, firms, partnerships or corporations or any combination thereof;

"Personal Information" has the same definition as in subsection 2(1) of FIPPA, that is, recorded information about an identifiable individual or that may identify an individual and includes all such information obtained by the Supplier from the OFA or the Province or OPG or their respective agents or created by the Supplier pursuant to the Agreement;

"Proceeding" means any action, claim, demand, lawsuit, or other proceeding;

"Proposal" means all the documentation submitted by the Supplier in response to the Request for Proposal;

"Province" means Her Majesty the Queen in right of Ontario including any ministries and agencies of the Province including OEFC and OFA and "Provincial" has a corresponding meaning;

"Rates" means the applicable price, in Canadian funds, to be charged for the applicable Deliverables, as set out in Schedule 1, representing the full amount chargeable by the Supplier for the provision of the Deliverables, including but not limited to (a) all applicable duties and taxes, including Goods and Services Tax; (b) all labour and material costs; (c) all travel and carriage costs (d) all insurance costs; and (e) all other overhead including any fees or other charges required by law;

"Record", for the purposes of the Agreement, means any recorded information, including any Personal Information, in any form: (a) provided by OFA or the Province to the Supplier, or provided by the Supplier to OFA, for the purposes of the Agreement; or (b) created by the Supplier in the performance of the Agreement for delivery or presentation to the OFA or use by the OFA;

"Requirements of Law" mean all applicable requirements, laws, statutes, codes, acts, ordinances, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorisations, directions, and agreements with all Authorities that now or at any time hereafter may be applicable to either the Agreement or the Deliverables or any part of them;

"RFP" means the Request for Proposals dated **[*insert date*]** for **[*insert name of RFP*]**, reference number **[*insert reference number*]** issued by OFA for the Deliverables and any addenda to it;

"Supplier Address" and **"Supplier Representative,"** mean:

CIBC World Markets Inc.
161 Bay Street, 6th Floor
Toronto, ON M5J 2S8
Attention: Ron Munkley
Phone No: (416) 594 7863
Facsimile No. (416) 956 6334

"Supplier's Intellectual Property" means Intellectual Property owned by the Supplier prior to its performance under the Agreement or created by the Supplier during the Term of the Agreement independently of the performance of its obligations under the Agreement;

"Term" means the period of time from the effective date first above written to the satisfactory provision of all Deliverables unless this Agreement is terminated early in accordance with the provisions of this Agreement in which case the Term shall end on the expiry or termination date, as the case may be;

"Third-Party Intellectual Property" means any Intellectual Property owned by a party other than OFA or the Province or the Supplier.

1.02 **Entire Agreement**

The Agreement, including the Schedules, embodies the entire agreement between the parties with regard to the provision of Deliverables and supersedes any prior understanding or agreement, collateral, oral or otherwise, existing between the parties at the date of execution of the Agreement.

1.03 **Severability**
If any term or condition of the Agreement, or the application thereof to the parties or to any Persons or circumstances, is to any extent invalid or unenforceable, the remainder of the Agreement, and the application of such term or condition to the parties, Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

1.04 **Interpretive Value of Documents**
In the event of a conflict or inconsistency in any provisions in the Agreement, the main body of the Agreement shall govern over the Schedules to the Agreement.

1.05 **Interpretive Value of Headings**
The headings in the Agreement are for convenience of reference only and in no manner modify, interpret or construe the Agreement.

1.06 **Force Majeure**
Neither party shall be liable for damages caused by delay or failure to perform its obligations under the Agreement where such delay or failure is caused by an event beyond its reasonable control. The parties agree that an event shall not be considered beyond one's reasonable control if a reasonable business person applying due diligence in the same or similar circumstances under the same or similar obligations as those contained in the Agreement would have put in place contingency plans to either materially mitigate or negate the effects of such event. Without limiting the generality of the foregoing, the parties agree that force majeure events shall include natural disasters and acts of war, insurrection and terrorism but shall not include shortages or delays relating to supplies or services. If a party seeks to excuse itself from its obligations under this Agreement due to a force majeure event, that party shall immediately notify the other party of the delay or non-performance, the reason for such delay or non-performance and the anticipated period of delay or non-performance. If the anticipated or actual delay or non-performance exceeds fifteen (15) Business Days, the other party may immediately terminate the Agreement by giving notice of termination and such termination shall be in addition to the other rights and remedies of the terminating party under the Agreement, at law or in equity.

1.07 **Notices**
Notices shall be in writing and shall be delivered by postage-prepaid envelope, personal delivery or facsimile and shall be addressed to, respectively, the OFA Address to the attention of the OFA Representative and to the Supplier Address to the attention of the Supplier Representative. Notices shall be deemed to have been given (a) in the case of postage-prepaid envelope, five (5) Business Days after such notice is mailed; or (b) in the case of personal delivery or facsimile one (1) Business Day after such notice is received by the other party. In the event of a postal disruption, notices must be given by personal delivery or by facsimile. Unless the parties expressly agree in writing to additional methods of notice, notices may only be provided by the methods contemplated in this paragraph.

1.08 **Governing Law**
The Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.09 **Survival**
All warranties and representations about quality, skills, qualifications and experience, the intellectual property provisions, the confidentiality provisions, the indemnity provisions, document retention and audit provisions, termination provisions, and any clauses about remedies shall remain in force after the Term of the Agreement.

ARTICLE 2 – LEGAL RELATIONSHIP BETWEEN OFA, SUPPLIER AND THIRD-PARTIES

2.01 **Supplier's Power to Contract**
The Supplier represents and warrants that it has the full right and power to enter into the Agreement and there is no agreement with any other Person which would in any way interfere with the rights of OFA under this Agreement.

2.02 **Representatives May Bind the Parties**
The parties represent that their respective representatives have the authority to legally bind them to the extent permissible by the Requirements of Law.

2.03 **Responsibility of Supplier**

The Supplier agrees that it is liable for the acts and omissions of its directors, officers, employees, agents, partners, volunteers and subcontractors. This paragraph is in addition to any and all of the Supplier's liabilities under the Agreement and under the general application of law. The Supplier shall advise these individuals and entities of its obligations under the Agreement and, without limiting the generality of the foregoing, shall take appropriate action to ensure compliance with (a) the Agreement generally and (b) with the requirements of Article 5 (Confidentiality and FIPPA) of the Agreement. In addition to any other liabilities of the Supplier pursuant to the Agreement or otherwise at law or in equity, the Supplier shall be liable for all damages, costs, expenses, losses, claims or actions arising from any breach of the Agreement resulting from the actions of the above mentioned individuals and entities.

2.04 **No Subcontracting or Assignment**

The Supplier shall not subcontract or assign the whole or any part of the Agreement or any monies due under it without the prior written consent of OFA. Such consent shall be in the sole discretion of OFA and subject to the terms and conditions that may be imposed OFA. Without limiting the generality of the conditions which OFA may require prior to consenting to the Supplier's use of a subcontractor, every contract entered into by the Supplier with a subcontractor shall adopt all of the terms and conditions of this Agreement as far as applicable to those parts of the Deliverables provided by the subcontractor. Nothing contained in the Agreement shall create a contractual relationship between any subcontractor or its employees and OFA.

2.05 **Duty to Disclose Change of Control**

In the event that the Supplier undergoes a change in control the Supplier shall immediately disclose such change in control to OFA and shall comply with any terms and conditions subsequently prescribed by OFA resulting from the disclosure.

2.06 **Agreement Binding**

The Agreement shall enure to the benefit of and be binding upon the parties and their successors, executors, administrators and their permitted assigns.

ARTICLE 3 - PERFORMANCE BY SUPPLIER

3.01 **Commencement of Performance**

The Supplier shall commence performance upon receipt of instructions and advice from OFA.

3.02 **Performance Warranty**

The Supplier hereby represents and warrants that the Deliverables shall be provided fully and diligently in a professional and competent manner by persons qualified and skilled in their occupations and furthermore that all Deliverables will be provided in accordance with (a) the Agreement; (b) Industry Standards; and (c) Requirements of Law. If any of the Deliverables, in the opinion of OFA, are inadequately provided or require corrections, the Supplier shall forthwith make the necessary corrections at its own expense as specified by OFA in a rectification notice.

3.03 **Notification by Supplier to OFA**

During the Term, the Supplier shall notify OFA promptly of (a) any contradictions, discrepancies or errors found or noted in the Agreement; (b) supplementary details, instructions or directions that do not correspond with those contained in the Agreement; and (c) any omissions or other faults that become evident and should be corrected in order to provide the Deliverables in accordance with the Agreement and Requirements of Law.

3.04 **Condonation Not a Waiver**

Any failure by OFA to insist in one or more instances upon strict performance by the Supplier of any of the terms or conditions of the Agreement shall not be construed as a waiver by OFA of its right to require strict performance of any such terms or conditions, and the obligations of the Supplier with respect to such performance shall continue in full force and effect.

3.05 **Changes By Written Amendment Only**

Any changes to the Agreement shall be by written amendment executed by the parties. No changes shall be effective or shall be carried out in the absence of such an amendment.

3.06 **Supplier to Comply With Reasonable Change Requests**

OFA may, in writing, request changes to the Agreement, which may include altering, adding to, or deleting any of the Deliverables. The Supplier shall comply with all reasonable OFA change requests and the performance of such request shall be in accordance with the terms and conditions of the Agreement. If the Supplier is unable to comply with the change request, it shall promptly notify OFA and provide reasons for such non-compliance. In any event, any such change request shall not be effective until a written amendment reflecting the change has been executed by the parties.

3.07 **Pricing for Requested Changes**

Where an OFA change request includes an increase in the scope of the previously contemplated Deliverables, OFA shall set out, in its change request, the proposed prices for the contemplated changes. Where the Rates in effect at the time of the change request:

(i) includes pricing for the type of goods or services contemplated in the change request, the Supplier shall not unreasonably refuse to provide those goods or services at prices consistent with those Rates; or

(ii) are silent to the applicable price for the particular goods or services contemplated in the change request, the price shall be negotiated between the OFA and the Supplier within a reasonable period of time;

and in any event, such change request shall not become effective until a written amendment reflecting the change has been executed by the parties.

3.08 **Work Volumes**

The Supplier acknowledges that it is providing the Deliverables to OFA on a non-exclusive basis. OFA makes no representation regarding the volume of goods and services required under the Agreement. OFA reserves the right to contract with other parties for the same or similar goods and services as those provided by the Supplier and reserves the right to obtain the same or similar goods and services internally or to not acquire such services from the Supplier.

3.09 **Performance by Specified Individuals Only**

The Supplier agrees that to the extent that specific individuals are named in Schedule 1 (Proposal) as being responsible for the provision of the Deliverables, only those individuals shall provide the Deliverables under the Agreement. The Supplier shall not replace or substitute any of the individuals named in Schedule 1 (Proposal) without the prior written approval of OFA, which may not arbitrarily or unreasonably be withheld. Should the Supplier require the substitution or replacement of any of the individuals named in Schedule 1 (Proposal), it is understood and agreed that any proposed replacement must possess similar or greater qualifications than the individual named in Schedule 1 (Proposal). The Supplier shall not claim fees for any replacement individual greater than the Rates established under Schedule 1 (Proposal). The Supplier shall replace any of its personnel if they are unacceptable to OFA because of security risk, incompetence, conflict of interest, breach of confidentiality or improper conduct upon receiving written notice from OFA.

3.10 **Facility Rules**

Should the Supplier be required to attend on OFA or Provincial property, the Supplier shall obey all fire, safety and other applicable rules of the facility. All damage to an OFA or Provincial facility and/or equipment, or any mishaps or accidents involving OFA and/or Provincial personnel, facilities and/or equipment shall be reported immediately to the OFA Representative.

3.11 **OFA Rights and Remedies and Supplier Obligations Not Limited to Agreement**

The express rights and remedies of OFA and obligations of the Supplier set out in the Agreement are in addition to and shall not limit any other rights and remedies available to OFA or any other obligations of the Supplier at law or in equity.

ARTICLE 4 - PAYMENT FOR PERFORMANCE

4.01 **Payment of Rates Including Approved Disbursements and Expenses**

OFA shall, subject to the Supplier's compliance with the provisions of the Agreement, pay the Supplier for the Deliverables provided at the Rates established under the Agreement. All disbursements or expenses shall be reasonable and air travel and accommodation expenses be approved in advance by the OFA, acting reasonably.

4.02 **Default Billing and Payment Process**
Unless the parties expressly set out an alternative billing and payment process in Schedule 1, the following process shall govern:

(a) the Supplier shall provide the OFA with a monthly billing statement no later than ten (10) Business Days after the end of each month and that billing statement shall include (i) the reference number assigned to the Agreement by the OFA; (ii) a brief description of the Deliverables provided for the relevant month; and (iii) any disbursements, expenses or taxes, if payable by OFA, identified as separate items;

(b) the OFA shall approve or reject the billing statement within fifteen (15) Business Days and in the event that the OFA rejects the billing statement, it shall so advise the Supplier promptly in writing and the Supplier shall provide additional information as required by the OFA to substantiate the billing statement; and

(c) each billing statement must be approved by the OFA before any payment is released and payment shall be made within thirty (30) Business Days of such approval;

and any subparagraph set out above that is not expressly replaced in Schedule 1 with an alternative provision shall remain in full force and effect.

4.03 **Hold Back or Set Off**
OFA may hold back payment or set off against payment if, in the opinion of the OFA acting reasonably, the Supplier has failed to comply with any requirements of the Agreement.

4.04 **Additional Charges**
There shall be no other charges payable by OFA under the Agreement to the Supplier other than the Rates established under the Agreement.

4.05 **Payment of Taxes and Duties**
Unless otherwise stated, the Supplier shall pay all applicable taxes, including excise taxes incurred by or on the Supplier's behalf with respect to the Agreement.

4.06 **OFA GST Exempt**
The OFA hereby certifies that the Deliverables are required for the use of the Crown and are therefore not subject to the federal Goods and Services Tax.

4.07 **Document Retention and Audit**
For seven (7) years after the expiration of the Term the Supplier shall maintain all necessary records to substantiate (a) all charges and payments under the Agreement and (b) that the Deliverables were provided in accordance with the Agreement and with Requirements of Law. During the Term, and for seven (7) years after the end of the Term, the Supplier shall permit and assist OFA in conducting audits of the operations of the Supplier to verify (a) and (b) above. OFA shall provide the Supplier with at least ten (10) Business Days prior notice of its requirement for such audit.

The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 5 - CONFIDENTIALITY AND FIPPA

5.01 **Confidentiality and Promotion Restrictions**
Any publicity or publications related to the Agreement shall be at the sole discretion of the OFA. The OFA may, in its sole discretion, acknowledge the Deliverables provided by the Supplier in any such publicity or publication. The Supplier shall not make use of its association with the OFA without the prior written consent of the OFA. Without limiting the generality of this paragraph, the Supplier shall not, among other things, at any time directly or indirectly communicate with the media in relation to the Agreement unless it has first obtained the express written authorization to do so by the OFA.

5.02 **OFA, OPG, and the Government Confidential Information**

During and following the Term, the Supplier shall (a) keep all Confidential Information confidential and secure; (b) limit the disclosure of Confidential Information to only (i) those employees who have a need to know it and who have been specifically authorized to have such disclosure (ii) and to the other suppliers that have been retained subject to similar confidentiality obligations by OFA and identified by OFA to the Supplier for the sole purpose of providing to OFA or assisting the Supplier in providing to OFA the Deliverables pursuant to the Agreement and then only to the extent they need to know the Confidential Information for such purpose; (c) not directly or indirectly disclose, destroy, exploit or use any Confidential Information (except for the purpose of providing the Deliverables, or except if required by order of a court or tribunal), without first obtaining: (i) the written consent of OFA and (ii) in respect of any Confidential Information about any third-party, the written consent of such third-party; (d) provide Confidential Information to OFA on demand; and (e) deliver all Confidential Information to OFA before the termination or expiry of the Term, with no copy or portion kept by the Supplier, except that the Supplier may retain one copy for due diligence defence purposes, which copy shall be held securely and in accordance with the terms of this Agreement.

5.03 **Restrictions on Copying**

The Supplier shall not copy any Confidential Information, in whole or in part, unless copying is essential for the provision of the Deliverables. On each copy made by the Supplier, the Supplier must reproduce all notices which appear on the original.

5.04 **Injunctive and Other Relief**

The Supplier acknowledges that breach of any provisions of this Article may cause irreparable harm to OFA, the Province or to any third-party to whom OFA owes a duty of confidence, and that the injury to OFA, the Province or to any third-party may be difficult to calculate and inadequately compensable in damages. The Supplier agrees that each of OFA and the Province is entitled to obtain injunctive relief (without proving any damage sustained by it or by any third-party) or any other remedy against any actual or potential breach of the provisions of this Article.

5.05 **Notice and Protective Order**

If the Supplier or any of its directors, officers, employees, agents, representatives or advisors become legally compelled to disclose any Confidential Information, the Supplier will provide OFA with prompt notice to that effect in order to allow OFA or the Province, as the case may be, to seek one or more protective orders or other appropriate remedies to prevent or limit such disclosure, and it shall co-operate with OFA and the Province and their respective legal counsel to the fullest extent. If such protective orders or other remedies are not obtained, the Supplier will disclose only that portion of Confidential Information which the Supplier is legally compelled to disclose, only to such person or persons to which the Supplier is legally compelled to disclose, and the Supplier shall provide notice to each such recipient (in co-operation with legal counsel for OFA or the Province, as the case may be) that such Confidential Information is confidential and subject to non-disclosure on terms and conditions equal to those contained in the Agreement and, if possible, shall obtain each recipient's written agreement to receive and use such Confidential Information subject to those terms and conditions.

5.06 **Notification of Confidentiality Provisions**

The Supplier shall notify each of its partners, employees, directors, and officers and subcontractors who have access to any of the Confidential Information ("the Notified Parties") of the obligations contained in the Agreement with respect to the confidentiality of the Confidential Information and the restrictions on disclosure and use of the Confidential Information. The Supplier has advised or will advise, as the case may be, the Notified Parties of their obligations concerning the confidentiality of the Confidential Information and shall obtain the agreement of each of the Notified Parties to abide by the terms and conditions of the Agreement. The Supplier agrees to enforce such obligations to the extent required to prevent unauthorised disclosure of Confidential Information and to prevent any partner, employee, director, or officer (the "Representatives") from making unauthorised use of Confidential Information. The Supplier agrees to be responsible for any breach of confidentiality by any of the Representatives and agrees to indemnify OFA and the Province and OPG for all damages, costs, expenses, losses, claims or actions arising from any failure by the Supplier or any of the Representatives to comply with the confidentiality obligations in the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

5.07 **FIPPA Records and Compliance**
The Supplier and OFA acknowledge and agree that FIPPA applies to and governs all Records and may require the disclosure of such Records to third parties. Furthermore, the Supplier agrees:

(a) to keep Records secure;

(b) to provide Records to OFA within five (5) Business Days of being directed to do so by OFA for any reason including an access request or privacy issue;

(c) not to access any Personal Information unless OFA determines, in its sole discretion, that access is permitted under FIPPA and is necessary in order to provide the Deliverables;

(d) not to directly or indirectly use, collect, disclose or destroy any Personal Information for any purposes that are not authorized by OFA;

(e) to ensure the security and integrity of Personal Information and keep it in a physically secure and separate location safe from loss, alteration, destruction or intermingling with other records and databases and to implement, use and maintain the most appropriate products, tools, measures and procedures to do so;

(f) to restrict access to Personal Information to those of its employees who have a need to know it and who have been specifically authorized to have such access for the purpose of providing the Deliverables;

(g) to implement other specific security measures that in the reasonable opinion of OFA would improve the adequacy and effectiveness of the Supplier's measures to ensure the security and integrity of Personal Information and Records generally; and

(h) that any confidential information supplied to OFA or the Province may be disclosed by OFA or the Province where it is obligated to do so under FIPPA, by an order of a court or tribunal or pursuant to a legal proceeding.

5.08 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 6 – INTELLECTUAL PROPERTY

6.01 **OFA Intellectual Property**
The Supplier agrees that all Intellectual Property and every other right, title and interest in and to all concepts, techniques, ideas, information and materials, however recorded, (including images and data) provided by OFA or the Province to the Supplier shall remain the sole property of OFA or the Province, as the case may be, at all times.

6.02 **No Use of Insignia**
The Supplier shall not use any insignia or logo of OFA or the Province.

6.03 **Ownership of Intellectual Property**
OFA on behalf of the Province shall be the sole owner of any Newly Created Intellectual Property. The Supplier irrevocably assigns to and in favour of OFA and OFA accepts every right, title and interest in and to all Newly Created Intellectual Property in the Deliverables, immediately following the creation thereof, for all time. OFA grants to the Province a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, the Newly Created Intellectual Property in the Deliverables (b) to use, execute, make, have made, have used, display, distribute perform, reproduce and prepare, in any form, Derivative Work based on the Newly Created Intellectual Property in the Deliverables and (c) to practise and have practised any process or method (or both) associated with such Derivative Work;

To the extent that any of the Deliverables include, in whole or in part, the Supplier's Intellectual Property, the Supplier grants to OFA and the Province a licence to use that Supplier Intellectual

Property in the manner contemplated in this Article, the total consideration for which shall be payment of the Rates on the terms and to the Supplier by OFA.

6.04 **Presumption Governing Ownership**

The presumption governing the Agreement shall be that OFA on behalf of the Province shall be the sole owner of any Intellectual Property in any form contained in any of the Deliverables. If the Supplier's Intellectual Property forms any part of the Deliverables, the Supplier shall notify OFA of such prior to the delivery of the particular Deliverable containing any such Supplier Intellectual Property. In the absence of any such notice the presumption shall remain that OFA is the sole owner of any Intellectual Property contained in the Deliverables.

6.05 **Supplier's Grant of Licence**

For those parts of the Deliverables that are Supplier Intellectual Property, the Supplier grants to OFA and the Province, a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, copies of those Deliverables and to practice and have practised any process or method (or both) associated with such Deliverables; and (b) to use, execute, make, have made, have used, display, distribute, perform, reproduce and prepare, in any form, Derivative Work based on those Deliverables and to practise and have practised any process or method (or both) associated with such Derivative Work; and (c) authorize other Persons including agents, contractors or sub-contractors to do any of the former on behalf of OFA or the Province, provided that the OFA and the Province shall be entitled to use and authorize other Persons to use the Supplier Intellectual Property for the purposes of the Province only and not for resale or other commercial exploitation thereof.

6.06 **No Restrictive Material in Deliverables**

The Supplier waives, and shall not incorporate into any Deliverables anything that would restrict the right of OFA or the Province to modify, further develop or otherwise use the Deliverables in any way that OFA or the Province deems necessary, or that would prevent OFA or the Province from entering into any contract with any contractor other than the Supplier for the modification, further development of or other use of the Deliverables. However, to the extent that any of the Deliverables constitutes any professional opinion, judgement or financial advice of the Supplier, the preceding sentence will not restrict or prevent the Supplier from addressing such opinions, judgements and financial advice solely to the OFA and the Province or from including customary assumptions, qualifications and limitations respecting reliance by parties other than the Indemnified Parties in such Deliverables.

6.07 **Supplier Representation and Warranty Regarding Third-Party Intellectual Property**

The Supplier represents and warrants that the provision of the Deliverables shall not infringe or induce the infringement of any Third-Party Intellectual Property rights. The Supplier further represents and warrants that it has obtained assurances with respect to any Third-Party Intellectual Property that any rights of integrity or any other moral rights associated therewith have been waived.

6.08 **Moral Rights**

The Supplier shall obtain waivers of all rights of integrity and any other moral rights in relation to the Deliverables from its employees, volunteers, agents and subcontractors and from any other party in the position to assert such rights in relation to any of the Deliverables, which waivers may be invoked without restriction by any person authorized by OFA or the Province to use the Deliverables.

6.09 **Copyright Notice**

The Supplier shall place a copyright notice in the following form on all recorded Deliverables it provides to OFA:

"© Queen's Printer for Ontario, 2004"

6.10 **Further Assurances Regarding Copyright**

At the request of OFA, at any time or from time to time, the Supplier shall execute and agrees to cause anyone in the position to assert rights of integrity or any other moral right (including its employees, volunteers, agents and subcontractors) to execute a written assignment of copyright and waiver of moral rights in the applicable Deliverable to the OFA in the forms set out in Schedule 2. The Supplier shall assist OFA in preparing any Canadian copyright registration that OFA considers appropriate. The Supplier will obtain or execute any other document reasonably required by OFA to protect the Intellectual Property of OFA.

6.11 **OFA May Prescribe Further Compliance**
OFA reserves the right to prescribe the specific manner in which the Supplier shall perform its obligations relating to this Article.

6.12 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 7 – CONFLICT OF INTEREST

7.01 The Supplier acknowledges it owes the OFA and the Province of Ontario a duty to promote the interests of OFA and the Province of Ontario in carrying out the Services. The overriding obligation the Supplier is to avoid actual or perceived conflicts between its private interests and those of OFA and the Province (including OFA and OEFC).

7.02 The Supplier shall not, in its provision of the Deliverables, engage in any activity, business or undertaking, whether as Supplier or otherwise, that could create a conflict of interest or potential conflict of interest. Included in the prohibitions on the Supplier are the following:

(a) engaging in any activity, business or undertaking that may conflict or be perceived as conflicting with the performance by the Supplier of the duties and obligations under this Agreement;

(b) directly or indirectly benefiting from any activity related to this Agreement otherwise than as specifically contemplated by this Agreement;

(c) circumstances where the supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

7.03 If required by the OFA for the purpose of complying with section 7.02 , the Supplier agrees to:

(a) file with the OFA a Plan to Prevent Conflict of Interest in respect of any particular actual or potential conflict of interest;

(b) file and cause its partners, directors, officers or employees who are providing the Services under this Agreement to file with the OFA declarations disclosing their interests in a manner equivalent to that set out in Section 13 of O.Reg 435/97 and their personal relationships (if any) with the firms and named individuals employed by or affiliated with OPG or any OEB licensed wholesale or retail electricity market participant in Ontario; and

(c) cause its partners, directors, officers or employees who are providing the Deliverables under this Agreement to execute confidentiality undertakings and provide copies to the OFA.

Upon the occurrence of any change in circumstance that renders any certificate or information filed or provided by the Supplier either incorrect or incomplete, the Supplier shall forthwith notify the OFA as set out in this Article of the change in circumstance in detail.

7.04 If any activities or prior activities of the Supplier could constitute an actual or potential conflict of interest in respect of this Agreement, the Supplier shall without delay make full, true and plain disclosure to the OFA of all relevant information about the particular activity, business or undertaking in question to the satisfaction of the OFA or its agent and abide by the decision of the OFA.

7.05 Upon any disclosure made by a Supplier or any other person in relation to the activities of the Supplier, of any activity, business or undertaking that could create a conflict of interest in respect of this Agreement, the OFA may, in its sole discretion:

(a) require that the Supplier:
  (i) deliver further and detailed particulars of the activity, business or undertaking;
  (ii) elect between the continuation of the Agreement and the continuation of the activity, business or undertaking concerned; and/or

(iii) institute measures which in the opinion of the OFA eliminate, resolve, isolate, diminish or nullify any perceived conflict of interest;

(b) terminate the Agreement effective upon written notice to such effect, and/or

(c) take such other steps as may be necessary to address the conflict including the institution of proceedings.

Where the OFA recommends that the Supplier take certain action, or refrain from taking certain action, the Supplier shall abide by the recommendation. The Supplier's failure to do so may result in the termination of the Supplier's Agreement in the sole discretion of the OFA.

7.06 Information disclosed by the Supplier to the OFA as contemplated under section 7.05 is confidential and shall not be disclosed to any person, except:

(a) on the consent of all parties;
(b) as required by law or by the order of a tribunal or court;
(c) such persons, if any, as the Supplier or the OFA may consult in respect of the conflict of interest; or
(d) in any proceedings between the OFA and the Supplier for breach of obligations under Article 7.

ARTICLE 8 – INDEMNITY AND INSURANCE

8.01 **Supplier Indemnity**
The Supplier hereby agrees to indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings, (collectively, "Claims"), by whomever made, sustained, brought or prosecuted, including for third party bodily injury (including death), personal injury and property damage arising from the negligence, errors, omissions or wilful misconduct of the Supplier, its subcontractors or their respective directors, partners, officers, agents, employees or independent contractors in the course of performance of the Supplier's obligations under, or otherwise in connection with, the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

8.02 **Supplier's Insurance**
The Supplier shall maintain errors & omissions liability insurance (external coverage and/or self-insured coverage), insuring liability for errors and omissions in the performance or failure to perform the services contemplated in this agreement, in the amount not less than $5,000,000 per claim and in the annual aggregate.

8.03 **Supplier Participation in Proceedings**
The Supplier shall, at its expense, to the extent requested by OFA or the Province participate in or conduct the defence of any Claim against any Indemnified Parties referred to in this Article and any negotiations for their settlement. OFA or the Province may elect to participate in or conduct the defence of any such Claim by notifying the Supplier in writing of such election without prejudice to any other rights or remedies of OFA or the Province under the Agreement, at law or in equity. Each party participating in the defence shall do so by actively participating with the other's counsel. No settlement shall be entered into by the Supplier unless it has obtained the prior written approval of OFA or the Province, as the case may be. If the Supplier is requested by OFA or the Province to participate in or conduct the defence of any such Claim, OFA or the Province agrees to co-operate with and assist the Supplier to the fullest extent possible in the Claim and any related settlement negotiations. If OFA or the Province conducts the defence of any such Claim, the Supplier agrees to co-operate with and assist OFA or the Province to the fullest extent possible in the Claim and any related settlement negotiations; provided that no settlement of such Claim shall be entered into by any Indemnified Party unless it has obtained the prior written consent of the Supplier, such consent not to be unreasonably withheld.

8.04 The provisions of this Article survive the termination or expiry of the Agreement.

ARTICLE 9 – TERMINATION, EXPIRY AND EXTENSION

9.01 **Immediate Termination of Agreement**
OFA may immediately terminate the Agreement upon giving notice to the Supplier where:

(a) the Supplier is adjudged bankrupt, is insolvent, makes a general assignment for the benefit of its creditors or a receiver, liquidator or similar official is appointed on account of the Supplier's insolvency;

(b) the Supplier breaches any provision in Article 5 (Confidentiality and FIPPA) of the Agreement;

(c) the Supplier breaches any provision in Article 7 (Conflict of Interest) of the Agreement;

(d) the Supplier, prior to or after executing the Agreement, makes a material misrepresentation or omission or provides materially inaccurate information to OFA;

(e) the Supplier undergoes a change in control which, in the sole opinion of OFA, adversely affects the Supplier's ability to satisfy some or all of its obligations under the Agreement;

(f) the Supplier subcontracts for the provision of part or all of the Deliverables or assigns the Agreement without first obtaining the written approval of OFA; or

(g) the Supplier's acts or omissions constitute a substantial failure of performance;

and the above rights of termination are in addition to all other rights of termination available at law, or events of termination by operation of law.

9.02 **Dispute Resolution by Rectification Notice**
Subject to section 9.01, where the Supplier fails to comply with any of its obligations under the Agreement, OFA may issue a rectification notice to the Supplier setting out the manner and timeframe for rectification. Within seven (7) Business Days of receipt of that notice the Supplier shall either (a) comply with that rectification notice; or (b) provide a rectification plan satisfactory to OFA. If the Supplier fails to either comply with that rectification notice or provide a satisfactory rectification plan, OFA may immediately terminate the Agreement. Where the Supplier has been given a prior rectification notice, the same subsequent type of non-compliance by the Supplier shall allow OFA to immediately terminate the Agreement.

9.03 **Termination on Notice**
OFA reserves the right to terminate the Agreement, without cause, upon five (5) days written notice with or without cause.

9.04 **Termination for Non-Appropriation**
If this Agreement extends into a Fiscal Year subsequent to its execution, continuation of the Agreement is conditional upon an appropriation of moneys by the Legislature of Ontario (the "Legislature") sufficient to satisfy payments due under the Agreement. In the event that such moneys are not available as a result of: (i) non-appropriation by the Legislature for the Fiscal Year in which payment becomes due; and (ii) the payment being neither charged nor chargeable to an appropriation of the Legislature for a previous Fiscal Year, the OFA may terminate the Agreement upon giving notice to the Supplier and such termination shall be effective on the date of the beginning of the first Fiscal Year for which funds have not been appropriated.

9.05 **Supplier's Obligations on Termination**
The Supplier shall, in addition to its other obligations under the Agreement and at law:

(a) provide OFA with a report detailing (i) the current state of the provision of Deliverables by the Supplier at the date of termination; and (ii) any other information requested by OFA pertaining to the provision of the Deliverables and performance of the Agreement;

(b) execute such documentation as may be required by OFA to give effect to the termination of the Agreement;

(c) comply with any other instructions provided by OFA, including but not limited to instructions for facilitating the transfer of its obligations to another Person; and

(d) return or destroy Confidential Information under secure conditions, as requested by the OFA and provide a certificate of an officer of the Supplier confirming that all Confidential Information has been returned or destroyed, subject to the right to retain one copy as set out in Section 5.02.

9.06 **Supplier's Payment Upon Termination**
OFA shall only be responsible for the payment of the Deliverables provided under the Agreement up to and including the effective date of any termination. Termination shall not relieve the Supplier of its warranties and other responsibilities relating to the Deliverables performed or money paid. In addition to its other rights of hold back or set off, OFA may hold back payment or set off against any payments owed if the Supplier fails to comply with its obligations on termination.

9.07 **Termination in Addition to Other Rights**
The express rights of termination in the Agreement are in addition to and shall in no way limit any rights or remedies of OFA under the Agreement, at law or in equity

9.08 **Expiry of Agreement**
The Agreement shall expire at the end of the Term.

9.09 The provisions of this Article survive the termination or expiry of the Agreement.

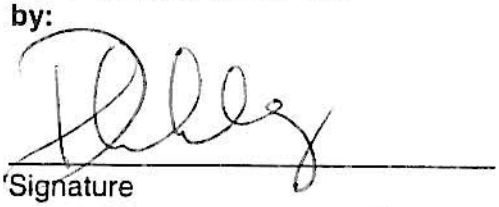
IN WITNESS WHEREOF the parties hereto have executed the Agreement effective as of the date first above written.

Ontario Financing Authority
by:

Signature

Name: Gadi Mayman
Title: Chief Executive Officer
Date of Signature: August 30, 2004

CIBC World Markets Inc.
by:



Signature

Name: Don Munkley
Title: Vice Chairman and Head of Power & Utility
Date of Signature: Aug. 30, 2004

I have authority to bind the Supplier.

From:	Whitfield, Tobias P. (MOF)
To:	Kelly Listoe; Opal Kandelas; Sarah Harris
Cc:	Malle Hanslep (MOF)
Subject:	NDA Agreement
Date:	Monday, April 03, 2017 11:58:02 AM
Attachments:	GA NDA April 3.doc Sample Advisory Agreement.PDF

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.

Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.

We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

[ONTARIO FINANCING AUTHORITY][NTD: WHO WILL BE THE CONTRACTING PARTY?]
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving an [**informal][NTD: Need to consider scope of retainer]** assessment/advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 Canadian and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]**by or on behalf of [**OFA]** [or Her Majesty in right of Ontario (the "Province")] for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of **[OFA]**, which consent may be withheld in [**OFA]'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

(a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the **[OFA]** are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by **[OFA]** to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of **[OFA]** and/or the Province [NTD: Could it also be information of OPG?] and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and **[OFA]** regarding the Project identified therein, and to provide advice and/or further information to **[OFA]** in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, , directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,, directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. The Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners, , directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

8. **Retention, Return or Destruction of Project Information**

[Suggest we do not include this unless requested to.]

Adviser/Dealer] shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.

9. **Breach**

[Adviser/Dealer] acknowledges that breach of any provision of this Agreement will result in immediate and irreparable harm to **[OFA] and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach **[OFA]** and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, , director or officer, shall be reported to **[OFA]** by **[Adviser/Dealer]**.

10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

11. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that **[OFA]** is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by **[OFA]** under this Agreement, **[Adviser/Dealer]** will cooperate with **[OFA]** in identifying records responsive to the request and responding to it in a timely manner.

12. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.
The obligations of **[Adviser/Dealer]** after the return to **[OFA]** of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify **[OFA]** of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

[Insert contact details]

(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

13. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

14. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

[ONTARIO FINANCING AUTHORITY]
by:

_____

Name: ●
Title: ●

[ADVISER/DEALER]
by:

_____

Name:
Title:
I have the authority to bind the company.

FINANCIAL ADVISORY SERVICES

AGREEMENT

THIS AGREEMENT ("the Agreement"), made in duplicate, for Financial Advisory Services is effective as of the **16th of August, 2004.**

BETWEEN:

Ontario Financing Authority

(referred to as "OFA")

AND:

CIBC World Markets Inc.

(referred to as the "Supplier")

In consideration of their respective agreements set out below, the parties covenant and agree as follows:

ARTICLE 1 – INTERPRETATION AND GENERAL PROVISIONS

1.01 **Defined Terms**

When used in the Agreement, the following words or expressions have the following meanings:

"Authority" means any government authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Agreement; and **"Authorities"** means all such authorities, agencies, bodies and departments;

"**Business Day**" means 8:00 a.m. to 5:00 p.m. any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year's Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day which the OFA has elected to be closed for business;

"Confidential Information" means all information of the Province (including the OFA and OEFC) and OPG that is of a confidential nature, including all confidential information in the custody or control of OFA, the Province and OPG, regardless of whether it is identified as confidential or not, and whether recorded or not, and however fixed, stored, expressed or embodied, which comes into the knowledge, possession or control of the Supplier in connection with the Agreement. For the purposes or greater certainty, Confidential Information shall:

(a) include: (i) all new information derived at any time from any such information whether created by OFA, the Province or OPG, the Supplier or any third-party; (ii) all information (including Personal Information) that OFA, the Province and OPG is obliged, or has the discretion, not to disclose under provincial or federal legislation; (iii) the fact that Confidential Information has been made available to the Supplier; (iv) the Deliverables;

(b) not include information that: (i) is or becomes generally available to the public without fault or breach on the part of the Supplier of any duty of confidentiality owed by the Supplier to OFA, the Province or OPG or to any third-party; (ii) the Supplier can demonstrate to have been rightfully obtained by the Supplier, without any obligation of confidence, from a third-party who had the right to transfer or disclose it to the Supplier free of any obligation of confidence; (iii) the Supplier can demonstrate to have been rightfully known to or in the possession of the Supplier at the time of disclosure, free of any obligation of confidence when disclosed; or (iv) is independently developed by the Supplier; but the exclusions in this subparagraph shall in no way limit the meaning of Personal Information or the obligations attaching thereto under the Agreement or at law;

"**Conflict of Interest**" includes, but is not limited to, any situation or circumstance where:

(a) in relation to the RFP process, the proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) having or having access to information in the preparation of its Proposal that is confidential to the OFA and not available to other proponents; (ii) communicating with any person with a view to influencing preferred treatment in the RFP process; or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the competitive RFP process and render that process non-competitive and unfair; or;

(b) in relation to the performance of its contractual obligations in this Agreement, the Supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

"Deliverables" means everything developed for or provided to the OFA in the course of performing under the Agreement or agreed to be provided to the OFA under the Agreement, by the Supplier or its partners, employees, volunteers, agents or subcontractors, as further defined, but not limited by Schedule 1, including but not limited to any goods or services or any and all Intellectual Property and any and all concepts, techniques, ideas, information, documentation and other materials, however recorded, developed or provided;

"Derivative Work" means a work based on the Supplier's Intellectual Property including, without limitation, an adaptation, modification, translation, expansion, condensation or transformation, that if prepared without authorization, would constitute copyright infringement or infringement of any other Intellectual Property right;

"FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended.

"Fiscal Year" means the period running from April 1 in one calendar year to, and including, March 31 in the next calendar year.

"Government" means the Government of Ontario;

"Indemnified Parties" means OFA, directors, appointees and employees of the OFA, and Her Majesty the Queen in right of Ontario, her Ministers, appointees and employees;

"Industry Standards" include, but are not limited to (a) the provision of any and all labour, supplies, equipment and other goods or services that are necessary and can reasonably be understood or inferred to be included within the scope of the Agreement or customarily furnished by Persons providing Deliverables of the type provided hereunder in similar situations in Ontario and; (b) adherence to commonly accepted norms of ethical business practices, which shall include the Supplier establishing, and ensuring adherence to, precautions to prevent its employees or agents from providing or offering gifts or hospitality of greater than nominal value to any person acting on behalf of or employed by OFA and the Province.

"Intellectual Property" means any intellectual, industrial or other proprietary right of any type in any form protected or protectable under the laws of Canada, any foreign country, or any political subdivision of any country, including, without limitation, any intellectual, industrial or proprietary rights protected or protectable by legislation, by common law or at equity;

"Newly Created Intellectual Property" means any Intellectual Property created by the Supplier in the course of performance of its obligations under the Agreement;

"OFA" means Ontario Financing Authority;

"OFA Address" means 1 Dundas Street West, Suite 1400, Toronto, Ontario, M7A 1Y7;

"OFA Representative" means Chief Executive Officer (CEO), OFA;

"OPG" means Ontario Power Generation Inc. and its subsidiaries;

"Person" if the context allows, includes any persons, firms, partnerships or corporations or any combination thereof;

"Personal Information" has the same definition as in subsection 2(1) of FIPPA, that is, recorded information about an identifiable individual or that may identify an individual and includes all such information obtained by the Supplier from the OFA or the Province or OPG or their respective agents or created by the Supplier pursuant to the Agreement;

"Proceeding" means any action, claim, demand, lawsuit, or other proceeding;

"Proposal" means all the documentation submitted by the Supplier in response to the Request for Proposal;

"Province" means Her Majesty the Queen in right of Ontario including any ministries and agencies of the Province including OEFC and OFA and "Provincial" has a corresponding meaning;

"Rates" means the applicable price, in Canadian funds, to be charged for the applicable Deliverables, as set out in Schedule 1, representing the full amount chargeable by the Supplier for the provision of the Deliverables, including but not limited to (a) all applicable duties and taxes, including Goods and Services Tax; (b) all labour and material costs; (c) all travel and carriage costs (d) all insurance costs; and (e) all other overhead including any fees or other charges required by law;

"Record", for the purposes of the Agreement, means any recorded information, including any Personal Information, in any form: (a) provided by OFA or the Province to the Supplier, or provided by the Supplier to OFA, for the purposes of the Agreement; or (b) created by the Supplier in the performance of the Agreement for delivery or presentation to the OFA or use by the OFA;

"Requirements of Law" mean all applicable requirements, laws, statutes, codes, acts, ordinances, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorisations, directions, and agreements with all Authorities that now or at any time hereafter may be applicable to either the Agreement or the Deliverables or any part of them;

"RFP" means the Request for Proposals dated **[*insert date*]** for **[*insert name of RFP*]**, reference number **[*insert reference number*]** issued by OFA for the Deliverables and any addenda to it;

"Supplier Address" and **"Supplier Representative,"** mean:

CIBC World Markets Inc.
161 Bay Street, 6th Floor
Toronto, ON M5J 2S8
Attention: Ron Munkley
Phone No: (416) 594 7863
Facsimile No. (416) 956 6334

"Supplier's Intellectual Property" means Intellectual Property owned by the Supplier prior to its performance under the Agreement or created by the Supplier during the Term of the Agreement independently of the performance of its obligations under the Agreement;

"Term" means the period of time from the effective date first above written to the satisfactory provision of all Deliverables unless this Agreement is terminated early in accordance with the provisions of this Agreement in which case the Term shall end on the expiry or termination date, as the case may be;

"Third-Party Intellectual Property" means any Intellectual Property owned by a party other than OFA or the Province or the Supplier.

1.02 **Entire Agreement**

The Agreement, including the Schedules, embodies the entire agreement between the parties with regard to the provision of Deliverables and supersedes any prior understanding or agreement, collateral, oral or otherwise, existing between the parties at the date of execution of the Agreement.

1.03 **Severability**
If any term or condition of the Agreement, or the application thereof to the parties or to any Persons or circumstances, is to any extent invalid or unenforceable, the remainder of the Agreement, and the application of such term or condition to the parties, Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

1.04 **Interpretive Value of Documents**
In the event of a conflict or inconsistency in any provisions in the Agreement, the main body of the Agreement shall govern over the Schedules to the Agreement.

1.05 **Interpretive Value of Headings**
The headings in the Agreement are for convenience of reference only and in no manner modify, interpret or construe the Agreement.

1.06 **Force Majeure**
Neither party shall be liable for damages caused by delay or failure to perform its obligations under the Agreement where such delay or failure is caused by an event beyond its reasonable control. The parties agree that an event shall not be considered beyond one's reasonable control if a reasonable business person applying due diligence in the same or similar circumstances under the same or similar obligations as those contained in the Agreement would have put in place contingency plans to either materially mitigate or negate the effects of such event. Without limiting the generality of the foregoing, the parties agree that force majeure events shall include natural disasters and acts of war, insurrection and terrorism but shall not include shortages or delays relating to supplies or services. If a party seeks to excuse itself from its obligations under this Agreement due to a force majeure event, that party shall immediately notify the other party of the delay or non-performance, the reason for such delay or non-performance and the anticipated period of delay or non-performance. If the anticipated or actual delay or non-performance exceeds fifteen (15) Business Days, the other party may immediately terminate the Agreement by giving notice of termination and such termination shall be in addition to the other rights and remedies of the terminating party under the Agreement, at law or in equity.

1.07 **Notices**
Notices shall be in writing and shall be delivered by postage-prepaid envelope, personal delivery or facsimile and shall be addressed to, respectively, the OFA Address to the attention of the OFA Representative and to the Supplier Address to the attention of the Supplier Representative. Notices shall be deemed to have been given (a) in the case of postage-prepaid envelope, five (5) Business Days after such notice is mailed; or (b) in the case of personal delivery or facsimile one (1) Business Day after such notice is received by the other party. In the event of a postal disruption, notices must be given by personal delivery or by facsimile. Unless the parties expressly agree in writing to additional methods of notice, notices may only be provided by the methods contemplated in this paragraph.

1.08 **Governing Law**
The Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.09 **Survival**
All warranties and representations about quality, skills, qualifications and experience, the intellectual property provisions, the confidentiality provisions, the indemnity provisions, document retention and audit provisions, termination provisions, and any clauses about remedies shall remain in force after the Term of the Agreement.

ARTICLE 2 – LEGAL RELATIONSHIP BETWEEN OFA, SUPPLIER AND THIRD-PARTIES

2.01 **Supplier's Power to Contract**
The Supplier represents and warrants that it has the full right and power to enter into the Agreement and there is no agreement with any other Person which would in any way interfere with the rights of OFA under this Agreement.

2.02 **Representatives May Bind the Parties**
The parties represent that their respective representatives have the authority to legally bind them to the extent permissible by the Requirements of Law.

2.03 **Responsibility of Supplier**

The Supplier agrees that it is liable for the acts and omissions of its directors, officers, employees, agents, partners, volunteers and subcontractors. This paragraph is in addition to any and all of the Supplier's liabilities under the Agreement and under the general application of law. The Supplier shall advise these individuals and entities of its obligations under the Agreement and, without limiting the generality of the foregoing, shall take appropriate action to ensure compliance with (a) the Agreement generally and (b) with the requirements of Article 5 (Confidentiality and FIPPA) of the Agreement. In addition to any other liabilities of the Supplier pursuant to the Agreement or otherwise at law or in equity, the Supplier shall be liable for all damages, costs, expenses, losses, claims or actions arising from any breach of the Agreement resulting from the actions of the above mentioned individuals and entities.

2.04 **No Subcontracting or Assignment**

The Supplier shall not subcontract or assign the whole or any part of the Agreement or any monies due under it without the prior written consent of OFA. Such consent shall be in the sole discretion of OFA and subject to the terms and conditions that may be imposed OFA. Without limiting the generality of the conditions which OFA may require prior to consenting to the Supplier's use of a subcontractor, every contract entered into by the Supplier with a subcontractor shall adopt all of the terms and conditions of this Agreement as far as applicable to those parts of the Deliverables provided by the subcontractor. Nothing contained in the Agreement shall create a contractual relationship between any subcontractor or its employees and OFA.

2.05 **Duty to Disclose Change of Control**

In the event that the Supplier undergoes a change in control the Supplier shall immediately disclose such change in control to OFA and shall comply with any terms and conditions subsequently prescribed by OFA resulting from the disclosure.

2.06 **Agreement Binding**

The Agreement shall enure to the benefit of and be binding upon the parties and their successors, executors, administrators and their permitted assigns.

ARTICLE 3 - PERFORMANCE BY SUPPLIER

3.01 **Commencement of Performance**

The Supplier shall commence performance upon receipt of instructions and advice from OFA.

3.02 **Performance Warranty**

The Supplier hereby represents and warrants that the Deliverables shall be provided fully and diligently in a professional and competent manner by persons qualified and skilled in their occupations and furthermore that all Deliverables will be provided in accordance with (a) the Agreement; (b) Industry Standards; and (c) Requirements of Law. If any of the Deliverables, in the opinion of OFA, are inadequately provided or require corrections, the Supplier shall forthwith make the necessary corrections at its own expense as specified by OFA in a rectification notice.

3.03 **Notification by Supplier to OFA**

During the Term, the Supplier shall notify OFA promptly of (a) any contradictions, discrepancies or errors found or noted in the Agreement; (b) supplementary details, instructions or directions that do not correspond with those contained in the Agreement; and (c) any omissions or other faults that become evident and should be corrected in order to provide the Deliverables in accordance with the Agreement and Requirements of Law.

3.04 **Condonation Not a Waiver**

Any failure by OFA to insist in one or more instances upon strict performance by the Supplier of any of the terms or conditions of the Agreement shall not be construed as a waiver by OFA of its right to require strict performance of any such terms or conditions, and the obligations of the Supplier with respect to such performance shall continue in full force and effect.

3.05 **Changes By Written Amendment Only**

Any changes to the Agreement shall be by written amendment executed by the parties. No changes shall be effective or shall be carried out in the absence of such an amendment.

3.06 **Supplier to Comply With Reasonable Change Requests**

OFA may, in writing, request changes to the Agreement, which may include altering, adding to, or deleting any of the Deliverables. The Supplier shall comply with all reasonable OFA change requests and the performance of such request shall be in accordance with the terms and conditions of the Agreement. If the Supplier is unable to comply with the change request, it shall promptly notify OFA and provide reasons for such non-compliance. In any event, any such change request shall not be effective until a written amendment reflecting the change has been executed by the parties.

3.07 **Pricing for Requested Changes**

Where an OFA change request includes an increase in the scope of the previously contemplated Deliverables, OFA shall set out, in its change request, the proposed prices for the contemplated changes. Where the Rates in effect at the time of the change request:

(i) includes pricing for the type of goods or services contemplated in the change request, the Supplier shall not unreasonably refuse to provide those goods or services at prices consistent with those Rates; or

(ii) are silent to the applicable price for the particular goods or services contemplated in the change request, the price shall be negotiated between the OFA and the Supplier within a reasonable period of time;

and in any event, such change request shall not become effective until a written amendment reflecting the change has been executed by the parties.

3.08 **Work Volumes**

The Supplier acknowledges that it is providing the Deliverables to OFA on a non-exclusive basis. OFA makes no representation regarding the volume of goods and services required under the Agreement. OFA reserves the right to contract with other parties for the same or similar goods and services as those provided by the Supplier and reserves the right to obtain the same or similar goods and services internally or to not acquire such services from the Supplier.

3.09 **Performance by Specified Individuals Only**

The Supplier agrees that to the extent that specific individuals are named in Schedule 1 (Proposal) as being responsible for the provision of the Deliverables, only those individuals shall provide the Deliverables under the Agreement. The Supplier shall not replace or substitute any of the individuals named in Schedule 1 (Proposal) without the prior written approval of OFA, which may not arbitrarily or unreasonably be withheld. Should the Supplier require the substitution or replacement of any of the individuals named in Schedule 1 (Proposal), it is understood and agreed that any proposed replacement must possess similar or greater qualifications than the individual named in Schedule 1 (Proposal). The Supplier shall not claim fees for any replacement individual greater than the Rates established under Schedule 1 (Proposal). The Supplier shall replace any of its personnel if they are unacceptable to OFA because of security risk, incompetence, conflict of interest, breach of confidentiality or improper conduct upon receiving written notice from OFA.

3.10 **Facility Rules**

Should the Supplier be required to attend on OFA or Provincial property, the Supplier shall obey all fire, safety and other applicable rules of the facility. All damage to an OFA or Provincial facility and/or equipment, or any mishaps or accidents involving OFA and/or Provincial personnel, facilities and/or equipment shall be reported immediately to the OFA Representative.

3.11 **OFA Rights and Remedies and Supplier Obligations Not Limited to Agreement**

The express rights and remedies of OFA and obligations of the Supplier set out in the Agreement are in addition to and shall not limit any other rights and remedies available to OFA or any other obligations of the Supplier at law or in equity.

ARTICLE 4 - PAYMENT FOR PERFORMANCE

4.01 **Payment of Rates Including Approved Disbursements and Expenses**

OFA shall, subject to the Supplier's compliance with the provisions of the Agreement, pay the Supplier for the Deliverables provided at the Rates established under the Agreement. All disbursements or expenses shall be reasonable and air travel and accommodation expenses be approved in advance by the OFA, acting reasonably.

4.02 **Default Billing and Payment Process**
Unless the parties expressly set out an alternative billing and payment process in Schedule 1, the following process shall govern:

(a) the Supplier shall provide the OFA with a monthly billing statement no later than ten (10) Business Days after the end of each month and that billing statement shall include (i) the reference number assigned to the Agreement by the OFA; (ii) a brief description of the Deliverables provided for the relevant month; and (iii) any disbursements, expenses or taxes, if payable by OFA, identified as separate items;

(b) the OFA shall approve or reject the billing statement within fifteen (15) Business Days and in the event that the OFA rejects the billing statement, it shall so advise the Supplier promptly in writing and the Supplier shall provide additional information as required by the OFA to substantiate the billing statement; and

(c) each billing statement must be approved by the OFA before any payment is released and payment shall be made within thirty (30) Business Days of such approval;

and any subparagraph set out above that is not expressly replaced in Schedule 1 with an alternative provision shall remain in full force and effect.

4.03 **Hold Back or Set Off**
OFA may hold back payment or set off against payment if, in the opinion of the OFA acting reasonably, the Supplier has failed to comply with any requirements of the Agreement.

4.04 **Additional Charges**
There shall be no other charges payable by OFA under the Agreement to the Supplier other than the Rates established under the Agreement.

4.05 **Payment of Taxes and Duties**
Unless otherwise stated, the Supplier shall pay all applicable taxes, including excise taxes incurred by or on the Supplier's behalf with respect to the Agreement.

4.06 **OFA GST Exempt**
The OFA hereby certifies that the Deliverables are required for the use of the Crown and are therefore not subject to the federal Goods and Services Tax.

4.07 **Document Retention and Audit**
For seven (7) years after the expiration of the Term the Supplier shall maintain all necessary records to substantiate (a) all charges and payments under the Agreement and (b) that the Deliverables were provided in accordance with the Agreement and with Requirements of Law. During the Term, and for seven (7) years after the end of the Term, the Supplier shall permit and assist OFA in conducting audits of the operations of the Supplier to verify (a) and (b) above. OFA shall provide the Supplier with at least ten (10) Business Days prior notice of its requirement for such audit.

The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 5 - CONFIDENTIALITY AND FIPPA

5.01 **Confidentiality and Promotion Restrictions**
Any publicity or publications related to the Agreement shall be at the sole discretion of the OFA. The OFA may, in its sole discretion, acknowledge the Deliverables provided by the Supplier in any such publicity or publication. The Supplier shall not make use of its association with the OFA without the prior written consent of the OFA. Without limiting the generality of this paragraph, the Supplier shall not, among other things, at any time directly or indirectly communicate with the media in relation to the Agreement unless it has first obtained the express written authorization to do so by the OFA.

5.02 **OFA, OPG, and the Government Confidential Information**

During and following the Term, the Supplier shall (a) keep all Confidential Information confidential and secure; (b) limit the disclosure of Confidential Information to only (i) those employees who have a need to know it and who have been specifically authorized to have such disclosure (ii) and to the other suppliers that have been retained subject to similar confidentiality obligations by OFA and identified by OFA to the Supplier for the sole purpose of providing to OFA or assisting the Supplier in providing to OFA the Deliverables pursuant to the Agreement and then only to the extent they need to know the Confidential Information for such purpose; (c) not directly or indirectly disclose, destroy, exploit or use any Confidential Information (except for the purpose of providing the Deliverables, or except if required by order of a court or tribunal), without first obtaining: (i) the written consent of OFA and (ii) in respect of any Confidential Information about any third-party, the written consent of such third-party; (d) provide Confidential Information to OFA on demand; and (e) deliver all Confidential Information to OFA before the termination or expiry of the Term, with no copy or portion kept by the Supplier, except that the Supplier may retain one copy for due diligence defence purposes, which copy shall be held securely and in accordance with the terms of this Agreement.

5.03 **Restrictions on Copying**

The Supplier shall not copy any Confidential Information, in whole or in part, unless copying is essential for the provision of the Deliverables. On each copy made by the Supplier, the Supplier must reproduce all notices which appear on the original.

5.04 **Injunctive and Other Relief**

The Supplier acknowledges that breach of any provisions of this Article may cause irreparable harm to OFA, the Province or to any third-party to whom OFA owes a duty of confidence, and that the injury to OFA, the Province or to any third-party may be difficult to calculate and inadequately compensable in damages. The Supplier agrees that each of OFA and the Province is entitled to obtain injunctive relief (without proving any damage sustained by it or by any third-party) or any other remedy against any actual or potential breach of the provisions of this Article.

5.05 **Notice and Protective Order**

If the Supplier or any of its directors, officers, employees, agents, representatives or advisors become legally compelled to disclose any Confidential Information, the Supplier will provide OFA with prompt notice to that effect in order to allow OFA or the Province, as the case may be, to seek one or more protective orders or other appropriate remedies to prevent or limit such disclosure, and it shall co-operate with OFA and the Province and their respective legal counsel to the fullest extent. If such protective orders or other remedies are not obtained, the Supplier will disclose only that portion of Confidential Information which the Supplier is legally compelled to disclose, only to such person or persons to which the Supplier is legally compelled to disclose, and the Supplier shall provide notice to each such recipient (in co-operation with legal counsel for OFA or the Province, as the case may be) that such Confidential Information is confidential and subject to non-disclosure on terms and conditions equal to those contained in the Agreement and, if possible, shall obtain each recipient's written agreement to receive and use such Confidential Information subject to those terms and conditions.

5.06 **Notification of Confidentiality Provisions**

The Supplier shall notify each of its partners, employees, directors, and officers and subcontractors who have access to any of the Confidential Information ("the Notified Parties") of the obligations contained in the Agreement with respect to the confidentiality of the Confidential Information and the restrictions on disclosure and use of the Confidential Information. The Supplier has advised or will advise, as the case may be, the Notified Parties of their obligations concerning the confidentiality of the Confidential Information and shall obtain the agreement of each of the Notified Parties to abide by the terms and conditions of the Agreement. The Supplier agrees to enforce such obligations to the extent required to prevent unauthorised disclosure of Confidential Information and to prevent any partner, employee, director, or officer (the "Representatives") from making unauthorised use of Confidential Information. The Supplier agrees to be responsible for any breach of confidentiality by any of the Representatives and agrees to indemnify OFA and the Province and OPG for all damages, costs, expenses, losses, claims or actions arising from any failure by the Supplier or any of the Representatives to comply with the confidentiality obligations in the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

5.07 **FIPPA Records and Compliance**
The Supplier and OFA acknowledge and agree that FIPPA applies to and governs all Records and may require the disclosure of such Records to third parties. Furthermore, the Supplier agrees:

(a) to keep Records secure;

(b) to provide Records to OFA within five (5) Business Days of being directed to do so by OFA for any reason including an access request or privacy issue;

(c) not to access any Personal Information unless OFA determines, in its sole discretion, that access is permitted under FIPPA and is necessary in order to provide the Deliverables;

(d) not to directly or indirectly use, collect, disclose or destroy any Personal Information for any purposes that are not authorized by OFA;

(e) to ensure the security and integrity of Personal Information and keep it in a physically secure and separate location safe from loss, alteration, destruction or intermingling with other records and databases and to implement, use and maintain the most appropriate products, tools, measures and procedures to do so;

(f) to restrict access to Personal Information to those of its employees who have a need to know it and who have been specifically authorized to have such access for the purpose of providing the Deliverables;

(g) to implement other specific security measures that in the reasonable opinion of OFA would improve the adequacy and effectiveness of the Supplier's measures to ensure the security and integrity of Personal Information and Records generally; and

(h) that any confidential information supplied to OFA or the Province may be disclosed by OFA or the Province where it is obligated to do so under FIPPA, by an order of a court or tribunal or pursuant to a legal proceeding.

5.08 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 6 – INTELLECTUAL PROPERTY

6.01 **OFA Intellectual Property**
The Supplier agrees that all Intellectual Property and every other right, title and interest in and to all concepts, techniques, ideas, information and materials, however recorded, (including images and data) provided by OFA or the Province to the Supplier shall remain the sole property of OFA or the Province, as the case may be, at all times.

6.02 **No Use of Insignia**
The Supplier shall not use any insignia or logo of OFA or the Province.

6.03 **Ownership of Intellectual Property**
OFA on behalf of the Province shall be the sole owner of any Newly Created Intellectual Property. The Supplier irrevocably assigns to and in favour of OFA and OFA accepts every right, title and interest in and to all Newly Created Intellectual Property in the Deliverables, immediately following the creation thereof, for all time. OFA grants to the Province a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, the Newly Created Intellectual Property in the Deliverables (b) to use, execute, make, have made, have used, display, distribute perform, reproduce and prepare, in any form, Derivative Work based on the Newly Created Intellectual Property in the Deliverables and (c) to practise and have practised any process or method (or both) associated with such Derivative Work;

To the extent that any of the Deliverables include, in whole or in part, the Supplier's Intellectual Property, the Supplier grants to OFA and the Province a licence to use that Supplier Intellectual

Property in the manner contemplated in this Article, the total consideration for which shall be payment of the Rates on the terms and to the Supplier by OFA.

6.04 **Presumption Governing Ownership**

The presumption governing the Agreement shall be that OFA on behalf of the Province shall be the sole owner of any Intellectual Property in any form contained in any of the Deliverables. If the Supplier's Intellectual Property forms any part of the Deliverables, the Supplier shall notify OFA of such prior to the delivery of the particular Deliverable containing any such Supplier Intellectual Property. In the absence of any such notice the presumption shall remain that OFA is the sole owner of any Intellectual Property contained in the Deliverables.

6.05 **Supplier's Grant of Licence**

For those parts of the Deliverables that are Supplier Intellectual Property, the Supplier grants to OFA and the Province, a perpetual, world-wide, non-exclusive, irrevocable, transferable, royalty-free, fully paid-up right and licence: (a) to use, execute, display, distribute, perform and reproduce, in any form, copies of those Deliverables and to practice and have practised any process or method (or both) associated with such Deliverables; and (b) to use, execute, make, have made, have used, display, distribute, perform, reproduce and prepare, in any form, Derivative Work based on those Deliverables and to practise and have practised any process or method (or both) associated with such Derivative Work; and (c) authorize other Persons including agents, contractors or sub-contractors to do any of the former on behalf of OFA or the Province, provided that the OFA and the Province shall be entitled to use and authorize other Persons to use the Supplier Intellectual Property for the purposes of the Province only and not for resale or other commercial exploitation thereof.

6.06 **No Restrictive Material in Deliverables**

The Supplier waives, and shall not incorporate into any Deliverables anything that would restrict the right of OFA or the Province to modify, further develop or otherwise use the Deliverables in any way that OFA or the Province deems necessary, or that would prevent OFA or the Province from entering into any contract with any contractor other than the Supplier for the modification, further development of or other use of the Deliverables. However, to the extent that any of the Deliverables constitutes any professional opinion, judgement or financial advice of the Supplier, the preceding sentence will not restrict or prevent the Supplier from addressing such opinions, judgements and financial advice solely to the OFA and the Province or from including customary assumptions, qualifications and limitations respecting reliance by parties other than the Indemnified Parties in such Deliverables.

6.07 **Supplier Representation and Warranty Regarding Third-Party Intellectual Property**

The Supplier represents and warrants that the provision of the Deliverables shall not infringe or induce the infringement of any Third-Party Intellectual Property rights. The Supplier further represents and warrants that it has obtained assurances with respect to any Third-Party Intellectual Property that any rights of integrity or any other moral rights associated therewith have been waived.

6.08 **Moral Rights**

The Supplier shall obtain waivers of all rights of integrity and any other moral rights in relation to the Deliverables from its employees, volunteers, agents and subcontractors and from any other party in the position to assert such rights in relation to any of the Deliverables, which waivers may be invoked without restriction by any person authorized by OFA or the Province to use the Deliverables.

6.09 **Copyright Notice**

The Supplier shall place a copyright notice in the following form on all recorded Deliverables it provides to OFA:

"© Queen's Printer for Ontario, 2004"

6.10 **Further Assurances Regarding Copyright**

At the request of OFA, at any time or from time to time, the Supplier shall execute and agrees to cause anyone in the position to assert rights of integrity or any other moral right (including its employees, volunteers, agents and subcontractors) to execute a written assignment of copyright and waiver of moral rights in the applicable Deliverable to the OFA in the forms set out in Schedule 2. The Supplier shall assist OFA in preparing any Canadian copyright registration that OFA considers appropriate. The Supplier will obtain or execute any other document reasonably required by OFA to protect the Intellectual Property of OFA.

6.11 **OFA May Prescribe Further Compliance**
OFA reserves the right to prescribe the specific manner in which the Supplier shall perform its obligations relating to this Article.

6.12 The provisions of this Article shall survive any termination or expiry of the Agreement.

ARTICLE 7 – CONFLICT OF INTEREST

7.01 The Supplier acknowledges it owes the OFA and the Province of Ontario a duty to promote the interests of OFA and the Province of Ontario in carrying out the Services. The overriding obligation the Supplier is to avoid actual or perceived conflicts between its private interests and those of OFA and the Province (including OFA and OEFC).

7.02 The Supplier shall not, in its provision of the Deliverables, engage in any activity, business or undertaking, whether as Supplier or otherwise, that could create a conflict of interest or potential conflict of interest. Included in the prohibitions on the Supplier are the following:

(a) engaging in any activity, business or undertaking that may conflict or be perceived as conflicting with the performance by the Supplier of the duties and obligations under this Agreement;

(b) directly or indirectly benefiting from any activity related to this Agreement otherwise than as specifically contemplated by this Agreement;

(c) circumstances where the supplier's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its contractual obligations;

7.03 If required by the OFA for the purpose of complying with section 7.02 , the Supplier agrees to:

(a) file with the OFA a Plan to Prevent Conflict of Interest in respect of any particular actual or potential conflict of interest;

(b) file and cause its partners, directors, officers or employees who are providing the Services under this Agreement to file with the OFA declarations disclosing their interests in a manner equivalent to that set out in Section 13 of O.Reg 435/97 and their personal relationships (if any) with the firms and named individuals employed by or affiliated with OPG or any OEB licensed wholesale or retail electricity market participant in Ontario; and

(c) cause its partners, directors, officers or employees who are providing the Deliverables under this Agreement to execute confidentiality undertakings and provide copies to the OFA.

Upon the occurrence of any change in circumstance that renders any certificate or information filed or provided by the Supplier either incorrect or incomplete, the Supplier shall forthwith notify the OFA as set out in this Article of the change in circumstance in detail.

7.04 If any activities or prior activities of the Supplier could constitute an actual or potential conflict of interest in respect of this Agreement, the Supplier shall without delay make full, true and plain disclosure to the OFA of all relevant information about the particular activity, business or undertaking in question to the satisfaction of the OFA or its agent and abide by the decision of the OFA.

7.05 Upon any disclosure made by a Supplier or any other person in relation to the activities of the Supplier, of any activity, business or undertaking that could create a conflict of interest in respect of this Agreement, the OFA may, in its sole discretion:

(a) require that the Supplier:
  (i) deliver further and detailed particulars of the activity, business or undertaking;
  (ii) elect between the continuation of the Agreement and the continuation of the activity, business or undertaking concerned; and/or

(iii) institute measures which in the opinion of the OFA eliminate, resolve, isolate, diminish or nullify any perceived conflict of interest;

(b) terminate the Agreement effective upon written notice to such effect, and/or

(c) take such other steps as may be necessary to address the conflict including the institution of proceedings.

Where the OFA recommends that the Supplier take certain action, or refrain from taking certain action, the Supplier shall abide by the recommendation. The Supplier's failure to do so may result in the termination of the Supplier's Agreement in the sole discretion of the OFA.

7.06 Information disclosed by the Supplier to the OFA as contemplated under section 7.05 is confidential and shall not be disclosed to any person, except:

(a) on the consent of all parties;
(b) as required by law or by the order of a tribunal or court;
(c) such persons, if any, as the Supplier or the OFA may consult in respect of the conflict of interest; or
(d) in any proceedings between the OFA and the Supplier for breach of obligations under Article 7.

ARTICLE 8 – INDEMNITY AND INSURANCE

8.01 **Supplier Indemnity**
The Supplier hereby agrees to indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings, (collectively, "Claims"), by whomever made, sustained, brought or prosecuted, including for third party bodily injury (including death), personal injury and property damage arising from the negligence, errors, omissions or wilful misconduct of the Supplier, its subcontractors or their respective directors, partners, officers, agents, employees or independent contractors in the course of performance of the Supplier's obligations under, or otherwise in connection with, the Agreement. The Supplier acknowledges that OFA holds the benefit of the indemnity in trust for itself and the Province and that OFA can enforce such indemnity on behalf of the Province. The Supplier also acknowledges and agrees that the Province can enforce such indemnity directly against the Supplier.

8.02 **Supplier's Insurance**
The Supplier shall maintain errors & omissions liability insurance (external coverage and/or self-insured coverage), insuring liability for errors and omissions in the performance or failure to perform the services contemplated in this agreement, in the amount not less than $5,000,000 per claim and in the annual aggregate.

8.03 **Supplier Participation in Proceedings**
The Supplier shall, at its expense, to the extent requested by OFA or the Province participate in or conduct the defence of any Claim against any Indemnified Parties referred to in this Article and any negotiations for their settlement. OFA or the Province may elect to participate in or conduct the defence of any such Claim by notifying the Supplier in writing of such election without prejudice to any other rights or remedies of OFA or the Province under the Agreement, at law or in equity. Each party participating in the defence shall do so by actively participating with the other's counsel. No settlement shall be entered into by the Supplier unless it has obtained the prior written approval of OFA or the Province, as the case may be. If the Supplier is requested by OFA or the Province to participate in or conduct the defence of any such Claim, OFA or the Province agrees to co-operate with and assist the Supplier to the fullest extent possible in the Claim and any related settlement negotiations. If OFA or the Province conducts the defence of any such Claim, the Supplier agrees to co-operate with and assist OFA or the Province to the fullest extent possible in the Claim and any related settlement negotiations; provided that no settlement of such Claim shall be entered into by any Indemnified Party unless it has obtained the prior written consent of the Supplier, such consent not to be unreasonably withheld.

8.04 The provisions of this Article survive the termination or expiry of the Agreement.

ARTICLE 9 – TERMINATION, EXPIRY AND EXTENSION

9.01 **Immediate Termination of Agreement**
OFA may immediately terminate the Agreement upon giving notice to the Supplier where:

(a) the Supplier is adjudged bankrupt, is insolvent, makes a general assignment for the benefit of its creditors or a receiver, liquidator or similar official is appointed on account of the Supplier's insolvency;

(b) the Supplier breaches any provision in Article 5 (Confidentiality and FIPPA) of the Agreement;

(c) the Supplier breaches any provision in Article 7 (Conflict of Interest) of the Agreement;

(d) the Supplier, prior to or after executing the Agreement, makes a material misrepresentation or omission or provides materially inaccurate information to OFA;

(e) the Supplier undergoes a change in control which, in the sole opinion of OFA, adversely affects the Supplier's ability to satisfy some or all of its obligations under the Agreement;

(f) the Supplier subcontracts for the provision of part or all of the Deliverables or assigns the Agreement without first obtaining the written approval of OFA; or

(g) the Supplier's acts or omissions constitute a substantial failure of performance;

and the above rights of termination are in addition to all other rights of termination available at law, or events of termination by operation of law.

9.02 **Dispute Resolution by Rectification Notice**
Subject to section 9.01, where the Supplier fails to comply with any of its obligations under the Agreement, OFA may issue a rectification notice to the Supplier setting out the manner and timeframe for rectification. Within seven (7) Business Days of receipt of that notice the Supplier shall either (a) comply with that rectification notice; or (b) provide a rectification plan satisfactory to OFA. If the Supplier fails to either comply with that rectification notice or provide a satisfactory rectification plan, OFA may immediately terminate the Agreement. Where the Supplier has been given a prior rectification notice, the same subsequent type of non-compliance by the Supplier shall allow OFA to immediately terminate the Agreement.

9.03 **Termination on Notice**
OFA reserves the right to terminate the Agreement, without cause, upon five (5) days written notice with or without cause.

9.04 **Termination for Non-Appropriation**
If this Agreement extends into a Fiscal Year subsequent to its execution, continuation of the Agreement is conditional upon an appropriation of moneys by the Legislature of Ontario (the "Legislature") sufficient to satisfy payments due under the Agreement. In the event that such moneys are not available as a result of: (i) non-appropriation by the Legislature for the Fiscal Year in which payment becomes due; and (ii) the payment being neither charged nor chargeable to an appropriation of the Legislature for a previous Fiscal Year, the OFA may terminate the Agreement upon giving notice to the Supplier and such termination shall be effective on the date of the beginning of the first Fiscal Year for which funds have not been appropriated.

9.05 **Supplier's Obligations on Termination**
The Supplier shall, in addition to its other obligations under the Agreement and at law:

(a) provide OFA with a report detailing (i) the current state of the provision of Deliverables by the Supplier at the date of termination; and (ii) any other information requested by OFA pertaining to the provision of the Deliverables and performance of the Agreement;

(b) execute such documentation as may be required by OFA to give effect to the termination of the Agreement;

(c) comply with any other instructions provided by OFA, including but not limited to instructions for facilitating the transfer of its obligations to another Person; and

(d) return or destroy Confidential Information under secure conditions, as requested by the OFA and provide a certificate of an officer of the Supplier confirming that all Confidential Information has been returned or destroyed, subject to the right to retain one copy as set out in Section 5.02.

9.06 **Supplier's Payment Upon Termination**
OFA shall only be responsible for the payment of the Deliverables provided under the Agreement up to and including the effective date of any termination. Termination shall not relieve the Supplier of its warranties and other responsibilities relating to the Deliverables performed or money paid. In addition to its other rights of hold back or set off, OFA may hold back payment or set off against any payments owed if the Supplier fails to comply with its obligations on termination.

9.07 **Termination in Addition to Other Rights**
The express rights of termination in the Agreement are in addition to and shall in no way limit any rights or remedies of OFA under the Agreement, at law or in equity

9.08 **Expiry of Agreement**
The Agreement shall expire at the end of the Term.

9.09 The provisions of this Article survive the termination or expiry of the Agreement.

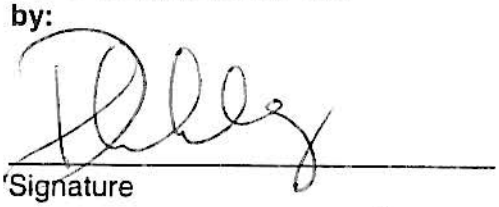
IN WITNESS WHEREOF the parties hereto have executed the Agreement effective as of the date first above written.

Ontario Financing Authority
by:

Signature

Name: Gadi Mayman
Title: Chief Executive Officer
Date of Signature: August 30, 2004

CIBC World Markets Inc.
by:



Signature

Name: Don Munkley
Title: Vice Chairman and Head of Power & Utility
Date of Signature: Aug. 30, 2004

I have authority to bind the Supplier.

From:	Kelly Listoe
To:	Sarah Harris
Cc:	Opal Kandelas
Subject:	NDA
Date:	Wednesday, April 05, 2017 11:39:49 AM
Attachments:	GA NDA April 3(1).doc

Hi Sarah

Toby has no additional comments on the NDA – please find latest draft attached.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

Considerations regarding this NDA and the retention of an adviser:

Some issues that should be considered in retaining an adviser:

- Exactly what is the scope of the advice being sought. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- It should be clear who the adviser is working for, and how the advice will be presented to the Province.
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the MOE for certain risks.

~~**Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB**~~
~~**Note regarding this NDA and the retention of an adviser:**~~

~~We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:~~

- ~~We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;~~

- ~~We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;~~
- ~~Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?~~

~~In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:~~

- ~~Scope of engagement;~~
- ~~Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;~~
- ~~Copyright and IP provisions;~~
- ~~Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;~~
- ~~Indemnities – setting out the adviser's indemnities to the OFA for certain risks.~~

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

~~**[ONTARIO FINANCING AUTHORITY**~~**MINISTER OF ENERGY**~~**]**~~**[NTD: WHO WILL BE THE CONTRACTING PARTY?]**~~
(hereinafter called "~~OFA~~MOE")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS ~~OFA~~ MOE intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province of Ontario and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving ~~an [**informal**][**NTD: Need to consider scope of retainer**]~~ ~~assessment/~~advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 ~~Canadian~~ and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
   The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]** by

or on behalf of MOE~~[OFA] [or Her Majesty in right of Ontario (the "Province")]~~ for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**

Without the prior written consent of MOE~~[OFA]~~, which consent may be withheld in MOE~~[OFA]~~**'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

(a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the ~~[OFA~~**MOE**~~]~~ are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by ~~[OFA~~**MOE**~~]~~ to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of ~~[OFA~~**MOE**~~]~~ and/or the Province ~~[NTD: Could it also be information of OPG?]~~ and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and ~~[OFA~~**MOE**~~]~~ regarding the Project identified therein, and to provide advice and/or further information to ~~[OFA]~~ **MOE** in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, ~~,~~ directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,~~,~~ directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. Prior to commencing work, ~~T~~the Adviser/Dealer shall identify in writing to the ~~OFA~~MOE those individuals who will be primarily responsible for providing the advice/assessment to the ~~OFA~~MOE as set out in paragraph 3 and shall not replace or substitute those

individuals without the prior written approval of ~~OFA~~MOE. The Adviser/Dealer shall keep a list of all ~~-~~such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the ~~OFA~~MOE upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the ~~OFA~~MOE and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the ~~OFA~~MOE and/or the Province arising out of any breach of confidentiality by its employees, partners,~~,~~ directors or officers. The Adviser/Dealer acknowledges that the ~~OFA~~MOE holds the benefit of this indemnity in trust for itself and the Province and that the ~~OFA~~ MOE can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. ~~———~~The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

~~8. **Retention, Return or Destruction of Project Information**~~

~~[Suggest we do not include this unless requested to.]~~

~~**Adviser/Dealer]** shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.~~

~~9~~8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the MOE~~[OFA]~~ **and the Province** and that monetary damages will not provide a sufficient remedy for any

breach and agrees that in the event of such breach the **[OFA]MOE** and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, ~~,~~ director or officer, shall be reported to the **[OFA]MOE** by **[Adviser/Dealer]**.

9~~10~~. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

10~~1~~. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that **[OFA]MOE** is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by **[OFA]MOE** under this Agreement, **[Adviser/Dealer]** will cooperate with **[OFA]MOE** in identifying records responsive to the request and responding to it in a timely manner.

11~~2~~. **Survival**

The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the ~~OFA~~ MOE (or the destruction) of the Project Information provided or made available under this Agreement.

The obligations of **[Adviser/Dealer]** after the return to **[OFA]MOE** of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify **[OFA]MOE** of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will provide the ~~OFA~~ MOE with prompt written notice and particulars so that the ~~OFA~~ MOE may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the ~~OFA~~ MOE and its legal counsel in obtaining any protective order or other appropriate

remedy that the ~~OFA~~ MOE may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the ~~OFA~~MOE, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the ~~OFA~~MOE:

~~[Insert contact details]~~

(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

12~~3~~. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise,

and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

13~~4~~. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

~~[ONTARIO FINANCING AUTHORITY]~~MINISTER OF ENERGY
by:

_____

Name: ●
~~Title: ●~~
Title:

[ADVISER/DEALER]
by:

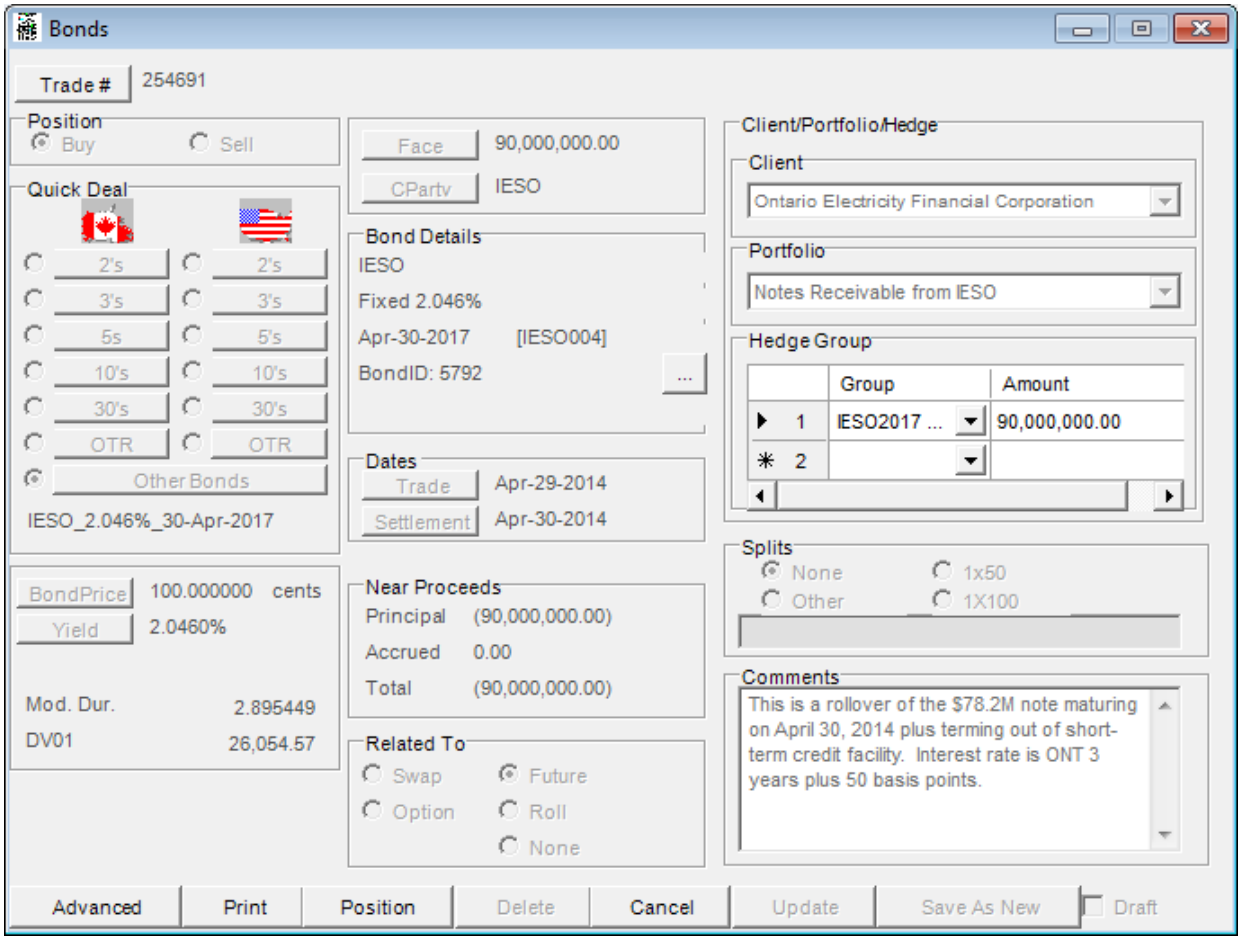
_____

Name:
Title:
I have the authority to bind the company.

From: Sarah Harris
To: Linda Smith
Cc: Kelly Listoe
Subject: OEFC-IESO Prom Note - Rollover and Increase to $120M
Date: Wednesday, April 26, 2017 6:50:59 PM
Attachments: 04a - IESO-OEFC - 120M Refinance Loan 2017 - Ministers Directive_v3_clean_SIGNED.pdf
image001.png

H Linda,

As you know, the OEFC-IESO $90M Note (trade below) is maturing on April 30th, and will be rolled over and increased to $120M per the signed directive (attached).



We are currently finalizing the agreement to be executed on Friday since the$90M note matures on Sunday, April 30th (with repayment due on May 1st).

Last time the note was increased back in April 2014, the trade was entered in ITS by Carlos. In speaking to Carlos about the note, and the forthcoming rollover and increase to $120M, Carlos was not yet aware of the that this transaction will be occurring. Lenin is not here to ask, but do you recall how this would have been communicated to Carlos (and Cash/Settlements) the previous time the note was rolled over and increased? As always, Documentation will be circulating an e-mail confirming the relevant details once we have fully executed the Agreement on Friday; is anything else required on our part?

Thanks,

Sarah

DIRECTIVE
MINISTER OF FINANCE
REFINANCING AND INCREASING LOAN TO INDEPENDENT ELECTRICITY SYSTEM OPERATOR

To: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 8, 2014 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998,* Ontario Electricity Financial Corporation ("OEFC") was directed to lend to the Independent System Operator ("IESO") a principal amount of C$90 million (the "2014 Loan") for the purpose of refinancing debt in the principal amount of C$78.2 million owing from IESO to OEFC that matured on April 30, 2014 and to refinance $11.8 million owing under a revolving credit facility agreement between OEFC and IESO.

The terms of the 2014 Loan are set out in an agreement for the issuance of a note between IESO and OEFC dated April 1, 1999, as amended by amending agreement 1 dated March 23, 2000, amending agreement 2 dated April 23, 2009, amending agreement 3 dated May 1, 2011, amending agreement 4 dated May 1, 2013, and amending agreement 5 dated April 30, 2014 (as so amended, the "Loan Agreement").

It is now desirable to increase the 2014 Loan to a principal amount of up to C$120 million, and to extend the maturity date of the 2014 Loan to June 30, 2020.

Therefore:

Pursuant to sub-section 74(1) of the Electricity Act, 1998, OEFC is directed to lend to the IESO a principal amount of up to C$120 million (the "2017 Loan") during the period from May 1, 2017, to June 30, 2020 for the purpose of refinancing the 2014 Loan and to fund new IESO capital expenditures.

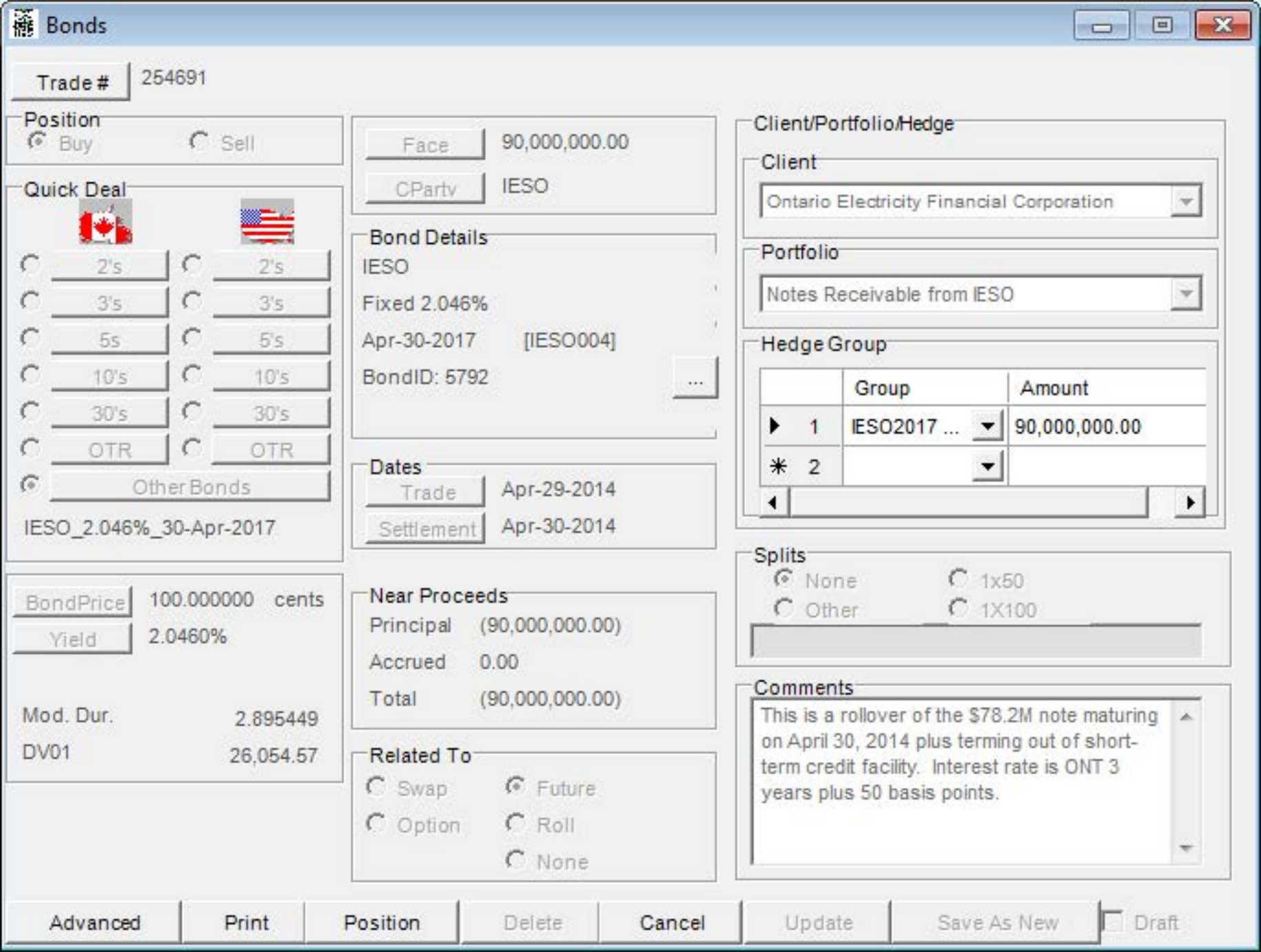
The 2017 Loan shall be subject to the following terms:

- The term of the 2017 Loan shall be for the period from May 1, 2017 to June 30, 2020.
- Interest shall be payable on the 2017 Loan at a rate established as of May 1, 2017, based on the Province of Ontario's cost of borrowing for the period from May 1, 2017 to June 30, 2020, determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).
- The Loan shall be subject to such other terms as OEFC deems appropriate.

The terms of the 2017 Loan shall be set out in an amendment to the Loan Agreement between OEFC and the IESO.

Dated APR 01 2017

Charles Sousa
Minister of Finance


Bonds
Trade #
254691
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_2.046%_30-Apr-2017
BondPrice
100.000000
cents
Yield
2.0460%
Mod. Dur.
2.895449
DV01
26,054.57
Face
90,000,000.00
CParty
IESO
Bond Details
IESO
Fixed 2.046%
Apr-30-2017
[IESO004]
BondID: 5792
...
Dates
Trade
Apr-29-2014
Settlement
Apr-30-2014
Near Proceeds
Principal
(90,000,000.00)
Accrued
0.00
Total
(90,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2017 ...
90,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of the $78.2M note maturing on April 30, 2014 plus terming out of short-term credit facility. Interest rate is ONT 3 years plus 50 basis points.
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft

From: Sarah Harris
To: Salman Qadir; Patrick Rundans (MOF); Opal Kandelas
Subject: OFA OIC for FHP

Hi – Opal would also like to join the call, as she has been drawn into reviewing the draft legislation (?) for the FHP.

From: Sarah Harris
To: Salman Qadir; Patrick Rundans (MOF); Opal Kandelas
Subject: OFA OIC for FHP

Hi – Opal would also like to join the call, as she has been drawn into reviewing the draft legislation (?) for the FHP.

From:	William Tan
To:	Sarah Harris
Subject:	OFA will not retain 25bps spread for $2.0B, OFHP IESO Credit Facility. 25 bps will go towards IOD (revised email).
Date:	Thursday, June 15, 2017 9:24:17 AM
Attachments:	image001.png 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx Directive IESO FHP 2017 v2.docx image002.png

---

This is note that Sarah an I met with Mike Manning, Linda Smith and Carlos Yep on the topic of 25bps OFA would charge on advances to IESO and the difference paid to the Province of Ontario. Mike deferred to Ken Kandeepan for a decision.

Ken provided instructions not to retain the 25bps for the $2.0 B,
OFA will charge the 25bps spread but the 25bps will go towards interest on debt.
OFHP IESO Credit Facility because we currently generate enough profit to cover out operations.
Conversation 6/14/17 at 2:15 pm.

According to OFHP OIC, section C(ii) "…..

> (ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Spread as set out above.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

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- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

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To:	Sarah Harris
Subject:	OFA will not retain 25bps spread for $2.0B, OFHP IESO Credit Facility
Date:	Wednesday, June 14, 2017 3:50:44 PM
Attachments:	image001.png 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx Directive IESO FHP 2017 v2.docx image002.png

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Conversation 6/14/17 at 2:15 pm.

According to OFHP OIC, section C(ii) "…..

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

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~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

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Will Tan| *Documentation & Analysis Specialist*
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william.tan@ofina.on.ca

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Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

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AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

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(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Spread as set out above.

From:	William Tan
To:	Sarah Harris
Subject:	OFA will not retain 25bps spread for $2.0B, OFHP IESO Credit Facility. 25 bps will go towards IOD (revised email).
Date:	Thursday, June 15, 2017 9:24:17 AM
Attachments:	image001.png 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx Directive IESO FHP 2017 v2.docx image002.png

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This is note that Sarah an I met with Mike Manning, Linda Smith and Carlos Yep on the topic of 25bps OFA would charge on advances to IESO and the difference paid to the Province of Ontario. Mike deferred to Ken Kandeepan for a decision.
Ken provided instructions not to retain the 25bps for the $2.0 B,
OFA will charge the 25bps spread but the 25bps will go towards interest on debt.
OFHP IESO Credit Facility because we currently generate enough profit to cover out operations.
Conversation 6/14/17 at 2:15 pm.
According to OFHP OIC, section C(ii) "…..

> (ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Spread as set out above.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

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The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Spread as set out above.

From: William Tan
To: Tobias P. Whitfield (MOF)
Cc: Sarah Harris
Subject: OFHP IESO OFA Credit Agreement (draft)
Date: Thursday, June 22, 2017 9:51:09 PM
Attachments: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal (005).doc
RE OFHP IESO OFA Credit Facility (Use of Proceeds).msg

Hello Toby,

Please find the enclosed draft of the OFHP IESO OFA Credit Agreement. There are a few points I need to clear up with OFA Legal. I wanted to give you enough time to review, make comments and to see if there are any "show stoppers" we need to clear up. A few questions require you reply in yellow. Optimistically we wish to give IESO a copy by Monday.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS ~~t~~The IESO has requested a ~~short term~~ revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of ~~its funding from the OFA to~~ supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [LS1]: Consistent with Directive

Commented [WT2R1]: Toby, do you concur with Lisa?
I have no comments concerning this.

Commented [LS3]: Not necessary

Commented [WT4R3]: Toby, do you consure with Lisa?
I have no comments concerning this.

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

Commented [LS5]: Business decision. Delete as per other comments?

Commented [WT6R5]: IESO $60 million Credit Facility 2010, Ken Russel discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS7]: As per Sarah H.'s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

Commented [WT8R7]: Agreed.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~"**Note**" means the notes of IESO issued under this Agreement.~~

"**Material Subsidiary**" mean, at any time, a Subsidiary which as consolidated assets with a book value of more than $25 million determined as such time in accordance with generally accepted accounting principles.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

Commented [LS9]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT10R9]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.

Commented [LS11]: I don't think this is necessary. Otherwise there are already references to "Credit Facility" throughout. There are also references to "Grid Note" in Schedule 3.

Commented [WT12R11]: This seems fine. I'll discuss with Sarah.

Commented [WT13]: Added for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

Commented [LS14]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

Commented [WT15R14]: Defined term added as definition.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short-Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

Commented [LS16]: As per Sarah's comments, change to Credit Facility throughout. Use of proceeds to discuss short- to medium term.

Commented [WT17R16]: Agreed

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

Commented [LS18]: Delete as per above?

Commented [WT19R18]: We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [LS20]: Delete if references to "Subsidiary" deleted

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

~~(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,~~

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.~~the OFHP.~~

(2) ~~With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, T~~the IESO is expected to recover or repay ~~such~~ the proceeds for each Advances ~~over a period of no more than 12 months from the date of the~~ such Advance."

Section 2.3 ~~Commitment and~~ Credit Facility Limit~~s~~.

The Advances Outstanding ~~to the IESO under the Short Term Credit Facility outstanding~~ shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no ~~re~~payment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Commented [LS21]: Salman please update this section

Commented [WT22]: Salman and Lisa, please comment if this regulation still applies?

Commented [LS23R22]: No. See below

Commented [LS24]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [WT25]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Commented [LS26]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [WT27]: Toby, as per attached email (Use of Proceeds email), do you have any concerns with the wording? Should we strip out the reference to th electricity act in the paragraph above?

Formatted: Font color: Auto

Commented [LS28]: As noted earlier, change to "Credit Facility" throughout

Commented [WT29R28]: Agreed

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Commented [LS30]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT31R30]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder,

Commented [LS32]: Why are there references to the Province?

Commented [WT33R32]: Agreed, should be OFA.

secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall ~~be~~ not be earlier ~~later~~ than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [WT34]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Commented [LS35R34]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

Commented [WT36R34]: Confirmed with Sarah H. Last advance will be 7 calendar days before the CF agreement expires.

Commented [WT37R34]: Correction made above.

Commented [LS38]: Change to defined term throughout

Commented [WT39R38]: Will discuss with Sarah H. that this format is fine.

Commented [WT40]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS41]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The ~~Note~~ Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~IESO~~ Grid Note ~~promissory note~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

Commented [WT42]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

Commented [WT43]: Discuss w/ Sarah H.

Commented [LS44]: Confirm with Capital Markets and be consistent with subsequent reference

Commented [WT45R44]: Agreed.

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS46]: If referring to Subsidiaries in agreement, include here as well?

Commented [WT47R46]: I think the previous mention of subsidiaries above are sufficient. The current format is consistent with ealier agreements with subsidiary language

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Commented [LS48]: Why was this changed? Appears redundant.

Commented [WT49R48]: I believe this was in a recent agreement. But fair comment. Agreed.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1 The IESO will at all times maintain its corporate existence.

Commented [LS50]: Deleted s. 7.1 as n/a in this context

Commented [WT51R50]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. “Past practice has been to included this language even if not relevant at the present time’. Our preference is to keep this.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [LS52]: Keep?

Commented [WT53R52]: I will have to discuss with Sarah H.

Toby do you have an opinion on this?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Commented [LS54]: Should we include a timeline? E/g within X business days of request?

Commented [WT55R54]: Its good to have a metric for this. May not be necessary. Will discuss with Sarah H. Not in other agreements.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days; (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

Commented [LS56]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [WT57R56]: Agreed.

Commented [WT58]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS59R58]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of

the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Commented [LS60]: N/A in context of IESO

Commented [WT61R60]: Past practice has been to include this language even if not relevant at the present time

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Commented [LS62]: Change numbering throughout and references if applicable

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS63]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT64]: Confirmed with Carlos that he prefers the previous wording.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS65]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Salman Qadir []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; William Tan [William.Tan@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date: Tuesday, June 20, 2017 15:19:54

Sounds good. Thank you Sarah.

Regards,
Salman

From: Sarah Harris
Sent: Tuesday, June 20, 2017 2:54 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Salman,

Thanks for the suggestion – makes sense. We can strip the reference to the Electricity Act, and propose a more general subsection 2.

Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, June 20, 2017 2:50 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Sarah,

Based on the information we have to date, I don't think we were thinking of imposing that same limitation of 12 month period but I see your point. I reread IESO request letter and suggest we do this instead to avoid lots of initial changes:

I. Change purpose to only state "short-term" needs:

1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and

administration of the Ontario Fair Hydro Plan Act, 2017.

II. Leave subsection 2 in there for now.

If IESO has issues, they can raise it in their comments back. Should we need "medium-term" financing, we can amend the agreement later as needed.

Thoughts?

Regards,
Salman

From: Sarah Harris
Sent: Tuesday, June 20, 2017 2:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

HI Salman,

One quick question re: subsection 2 below. Subsection 2 was added in amendment#7 of the $975M OFA-IESO existing credit facility; I think the idea was to ensure that any advance under the facility isn't rolled over for the entire term of the agreement, but that any one advance is limited to 12 months of rolls. Notwithstanding the reference to the Electricity Act in subsection 2, is the intention with this new credit facility to limit rolls to a 12 month period for any particular advance?

Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, June 20, 2017 2:14 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby/all,

I had a quick chat with Bruno as well and it may be best to leave it a little open in an effort to remain consistent with what we know for now. We can suggest IESO provide some more details in this statement for clarity based on how they see the borrowings to occur.

Regards,
Salman

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, June 20, 2017 1:58 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

I agree with Salman, though I wonder if we should be more specific about what short to medium term means, or better to leave it open depending on circumstances?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi William,

In being consistent with the Directive, I think the purpose of the credit facility can be written as follows, subject to any additional comments:

1) Proceeds of Advances may be used only for short to medium term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

I don't think subsection 2 applies. When sending this to IESO, I recommend that we highlight the entire section and have them confirm or provide further details, especially the reference to the 423/04 regulation.

Regards,
Salman

From: William Tan
Sent: Tuesday, June 20, 2017 1:27 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby and Salman,

May I ask both of your assistance in defining the use of proceeds from the IESO credit facility below?

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Toby, once Lisa has finished reviewing the IESO credit facility, I will implement her suggested changes and then circulate the draft for your review and comment.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Tobias P. Whitfield (MOF)
Cc:	Sarah Harris
Subject:	OFHP IESO OFA Credit Agreement (draft)
Date:	Thursday, June 22, 2017 9:51:09 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal (005).doc RE OFHP IESO OFA Credit Facility (Use of Proceeds).msg

Hello Toby,

Please find the enclosed draft of the OFHP IESO OFA Credit Agreement. There are a few points I need to clear up with OFA Legal. I wanted to give you enough time to review, make comments and to see if there are any "show stoppers" we need to clear up. A few questions require you reply in yellow. Optimistically we wish to give IESO a copy by Monday.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS ~~t~~The IESO has requested a ~~short term~~ revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of ~~its funding from the OFA to~~ supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [LS1]: Consistent with Directive

Commented [WT2R1]: Toby, do you concur with Lisa?
I have no comments concerning this.

Commented [LS3]: Not necessary

Commented [WT4R3]: Toby, do you consure with Lisa?
I have no comments concerning this.

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

Commented [LS5]: Business decision. Delete as per other comments?

Commented [WT6R5]: IESO $60 million Credit Facility 2010, Ken Russel discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS7]: As per Sarah H.'s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

Commented [WT8R7]: Agreed.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~"**Note**" means the notes of IESO issued under this Agreement.~~

"**Material Subsidiary**" mean, at any time, a Subsidiary which as consolidated assets with a book value of more than $25 million determined as such time in accordance with generally accepted accounting principles.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

Commented [LS9]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT10R9]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.

Commented [LS11]: I don't think this is necessary. Otherwise there are already references to "Credit Facility" throughout. There are also references to "Grid Note" in Schedule 3.

Commented [WT12R11]: This seems fine. I'll discuss with Sarah.

Commented [WT13]: Added for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

Commented [LS14]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

Commented [WT15R14]: Defined term added as definition.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short-Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

Commented [LS16]: As per Sarah's comments, change to Credit Facility throughout. Use of proceeds to discuss short- to medium term.

Commented [WT17R16]: Agreed

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

Commented [LS18]: Delete as per above?

Commented [WT19R18]: We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [LS20]: Delete if references to "Subsidiary" deleted

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

~~(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,~~

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.~~the OFHP.~~

(2) ~~With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, T~~the IESO is expected to recover or repay ~~such~~ the proceeds for each Advances ~~over a period of no more than 12 months from the date of the~~ such Advance."

Section 2.3 ~~Commitment and~~ Credit Facility Limit~~s~~.

The Advances Outstanding ~~to the IESO under the Short Term Credit Facility outstanding~~ shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no ~~re~~payment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Commented [LS21]: Salman please update this section

Commented [WT22]: Salman and Lisa, please comment if this regulation still applies?

Commented [LS23R22]: No. See below

Commented [LS24]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [WT25]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Commented [LS26]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [WT27]: Toby, as per attached email (Use of Proceeds email), do you have any concerns with the wording? Should we strip out the reference to th electricity act in the paragraph above?

Formatted: Font color: Auto

Commented [LS28]: As noted earlier, change to "Credit Facility" throughout

Commented [WT29R28]: Agreed

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Commented [LS30]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT31R30]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder,

Commented [LS32]: Why are there references to the Province?

Commented [WT33R32]: Agreed, should be OFA.

secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall ~~be~~ not be earlier ~~later~~ than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [WT34]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Commented [LS35R34]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

Commented [WT36R34]: Confirmed with Sarah H. Last advance will be 7 calendar days before the CF agreement expires.

Commented [WT37R34]: Correction made above.

Commented [LS38]: Change to defined term throughout

Commented [WT39R38]: Will discuss with Sarah H. that this format is fine.

Commented [WT40]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS41]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The ~~Note~~ Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~IESO~~ Grid Note ~~promissory note~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

Commented [WT42]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

Commented [WT43]: Discuss w/ Sarah H.

Commented [LS44]: Confirm with Capital Markets and be consistent with subsequent reference

Commented [WT45R44]: Agreed.

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS46]: If referring to Subsidiaries in agreement, include here as well?

Commented [WT47R46]: I think the previous mention of subsidiaries above are sufficient. The current format is consistent with ealier agreements with subsidiary language

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Commented [LS48]: Why was this changed? Appears redundant.

Commented [WT49R48]: I believe this was in a recent agreement. But fair comment. Agreed.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1 The IESO will at all times maintain its corporate existence.

Commented [LS50]: Deleted s. 7.1 as n/a in this context

Commented [WT51R50]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. “Past practice has been to included this language even if not relevant at the present time’. Our preference is to keep this.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [LS52]: Keep?

Commented [WT53R52]: I will have to discuss with Sarah H.

Toby do you have an opinion on this?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Commented [LS54]: Should we include a timeline? E/g within X business days of request?

Commented [WT55R54]: Its good to have a metric for this. May not be necessary. Will discuss with Sarah H. Not in other agreements.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days; (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

Commented [LS56]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [WT57R56]: Agreed.

Commented [WT58]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS59R58]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of

the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Commented [LS60]: N/A in context of IESO

Commented [WT61R60]: Past practice has been to include this language even if not relevant at the present time

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Commented [LS62]: Change numbering throughout and references if applicable

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS63]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT64]: Confirmed with Carlos that he prefers the previous wording.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS65]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Salman Qadir []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; William Tan [William.Tan@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date: Tuesday, June 20, 2017 15:19:54

Sounds good. Thank you Sarah.

Regards,

Salman

From: Sarah Harris
Sent: Tuesday, June 20, 2017 2:54 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Salman,

Thanks for the suggestion – makes sense. We can strip the reference to the Electricity Act, and propose a more general subsection 2.

Thanks,

Sarah

From: Salman Qadir
Sent: Tuesday, June 20, 2017 2:50 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Sarah,

Based on the information we have to date, I don't think we were thinking of imposing that same limitation of 12 month period but I see your point. I reread IESO request letter and suggest we do this instead to avoid lots of initial changes:

I. Change purpose to only state "short-term" needs:

1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

II. Leave subsection 2 in there for now.

If IESO has issues, they can raise it in their comments back. Should we need "medium-term" financing, we can amend the agreement later as needed.

Thoughts?

Regards,
Salman

From: Sarah Harris
Sent: Tuesday, June 20, 2017 2:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

HI Salman,

One quick question re: subsection 2 below. Subsection 2 was added in amendment#7 of the $975M OFA-IESO existing credit facility; I think the idea was to ensure that any advance under the facility isn't rolled over for the entire term of the agreement, but that any one advance is limited to 12 months of rolls. Notwithstanding the reference to the Electricity Act in subsection 2, is the intention with this new credit facility to limit rolls to a 12 month period for any particular advance?

Thanks,

Sarah

From: Salman Qadir
Sent: Tuesday, June 20, 2017 2:14 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby/all,

I had a quick chat with Bruno as well and it may be best to leave it a little open in an effort to remain consistent with what we know for now. We can suggest IESO provide some more details in this statement for clarity based on how they see the borrowings to occur.

Regards,

Salman

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, June 20, 2017 1:58 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

I agree with Salman, though I wonder if we should be more specific about what short to medium term means, or better to leave it open depending on circumstances?

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi William,

In being consistent with the Directive, I think the purpose of the credit facility can be

written as follows, subject to any additional comments:

1) Proceeds of Advances may be used only for short to medium term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

I don't think subsection 2 applies. When sending this to IESO, I recommend that we highlight the entire section and have them confirm or provide further details, especially the reference to the 423/04 regulation.

Regards,

Salman

From: William Tan
Sent: Tuesday, June 20, 2017 1:27 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby and Salman,

May I ask both of your assistance in defining the use of proceeds from the IESO credit facility below?

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized

to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Toby, once Lisa has finished reviewing the IESO credit facility, I will implement her suggested changes and then circulate the draft for your review and comment.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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From: William Tan
To: Tobias P. Whitfield (MOF); Salman Qadir
Cc: Lisa Stein; Sarah Harris
Subject: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date: Tuesday, June 20, 2017 1:26:56 PM

Hi Toby and Salman,

May I ask both of your assistance in defining the use of proceeds from the IESO credit facility below?

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From: William Tan
To: Sarah Harris
Subject: OFHP IESO OFA Credit Facility Agreement
Date: Thursday, June 22, 2017 8:21:16 AM

Hi Sarah,

I wasn't sure if you intended send me a copy of your proposed changes we discussed for version 4. Just a reminder to send me one if you did intend to.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	OFHP OFA Prom note (draft)
Date:	Wednesday, June 14, 2017 12:11:23 PM
Attachments:	OFHP OFA borrow from Province, Prom Note (draft).rtf

---

Hello Lisa,

Please find the attached OFHP OFA Promissory Note. Please review and provide any comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(g) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees

Commented [WT1]: Lisa, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted?

that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 1st day of July, 2017.

Commented [WT2]: Lisa, what date should we use?

Ontario Financing Authority

Per:
Gadi Mayman
Chief Executive Officer

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	OFHP OFA Prom note (draft)
Date:	Wednesday, June 14, 2017 12:11:23 PM
Attachments:	OFHP OFA borrow from Province, Prom Note (draft).rtf

---

Hello Lisa,

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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(i) Two Billion Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

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(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

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(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

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(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

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Commented [WT1]: Lisa, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted?

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Date as of the 1st day of July, 2017.

Commented [WT2]: Lisa, what date should we use?

Ontario Financing Authority

Per:
Gadi Mayman
Chief Executive Officer

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 12:37:38 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance:	High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS4]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT5R4]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH6]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS7]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS8]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS9]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT10R9]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS11R9]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short-Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS12]: Make sure definition updated.

Commented [WT13]:

Commented [WT14R13]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT15]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS16]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS17]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT18]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS19]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

(3)(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4)(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5)(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~2~~1 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.~~3~~2 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~3~~2 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS20]: Why was this changed? Appears redundant.

Commented [WT21R20]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS22R20]: Add back original language (pre-amendment)

Commented [LS23]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS24]: Deleted s. 7.1 as n/a in this context

Commented [WT25R24]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. “Past practice has been to included this language even if not relevant at the present time’. Our preference is to keep this.

Commented [LS26]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~d~~c) ~~——~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(d~~e~~) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS27]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS28]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS29]: N/A in context of IESO

Commented [WT30R29]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS31]: Change numbering throughout and references if applicable

Commented [SH32R31]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS33]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~e~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT34]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT35]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date:	Thursday, June 22, 2017 11:17:04 AM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Importance:	High

Hi Sarah and William,

Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I've identified that require further drafting/consideration.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

a~~A~~s Lender

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a~~s~~ statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(~~the "OFA"~~)(as Lender)

RECITALS:

WHEREAS t~~T~~he IESO has requested a ~~short term~~ revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of ~~its funding from the OFA to~~ supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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Commented [LS2]: Not necessary

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [LS4]: As per Sarah H.'s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~"**Note**" means the notes of IESO issued under this Agreement.~~

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such ~~Material~~ Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [LS6]: I don't think this is necessary. Otherwise there are already references to "Credit Facility" throughout. There are also references to "Grid Note" in Schedule 3.

Commented [LS7]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

Commented [LS8]: As per Sarah's comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

Commented [LS9]: Delete as per above?

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [LS10]: Delete if references to "Subsidiary" deleted

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

~~(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,~~

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the OFHP,

(2) ~~With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, T~~the IESO is expected to recover or repay ~~such~~ the proceeds for each Advances ~~over~~ a period of no more than 12 months from the date of ~~the~~ such Advance."

Section 2.3 ~~Commitment and~~ Credit Facility Limit~~s~~.

The Advances Outstanding ~~to the IESO under the Short Term Credit Facility~~ outstanding shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no ~~re~~payment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

Commented [LS11]: Salman please update this section

Commented [WT12]: Salman and Lisa, please comment if this regulation still applies?

Commented [LS13R12]: No. See below

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Commented [LS14]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [WT15]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Commented [LS16]: As per internal e-mail chain. IESO to confirm - Short to medium?

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Commented [LS17]: As noted earlier, change to "Credit Facility" throughout

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Commented [LS18]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province~~ OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province~~ OFA

Commented [LS19]: Why are there references to the Province?

hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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Commented [WT20]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Commented [LS21R20]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

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Commented [LS22]: Change to defined term throughout

Commented [LS23]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The ~~Note~~ Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~OFA's~~ Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

Commented [LS24]: Confirm with Capital Markets and be consistent with subsequent reference

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~IESO~~ Grid Note ~~promissory note~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS25]: If referring to Subsidiaries in agreement, include here as well?

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

Commented [LS26]: Why was this changed? Appears redundant.

The IESO will duly and punctually pay ~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and~~ all ~~other~~ amounts owing under this Agreement in accordance with the terms ~~and~~ and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1,~~ The IESO will at all times maintain its corporate existence.

Commented [LS27]: Deleted s. 7.1 as n/a in this context

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [LS28]: Keep?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~OFA's~~ Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may ~~require~~ request from time to time.

Commented [LS29]: Should we include a timeline? E/g within X business days of request?

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any ~~Loan~~ Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the principal amount of~~ any ~~Advance~~ Advance when it becomes due and payable, if such failure continues ~~and all interest accrued thereon on the applicable Repayment Date~~ for a period of 3 Bbusiness Dd~~d~~ays; ~~and any other amounts owing under this Agreement when due;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement,

Commented [LS30]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [WT31]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS32R31]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and

capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
~~CONSOLIDATION, AMALGAMATION, MERGER OF IESO~~

Commented [LS33]: N/A in context of IESO

~~Section 7.1 Certain Requirements in Respect of Merger, etc.~~

~~IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~Section 7.2 Successor Substituted.~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.~~

ARTICLE 8
GENERAL

Commented [LS34]: Change numbering throughout and references if applicable

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this ~~Amending~~ Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____ ~~Name:~~

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS35]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) [Identify Advance in question] ~~The date of the proposed election, being a Business Day is _____;~~
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "~~Company~~IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS36]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

~~Line of~~ Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date:	Thursday, June 22, 2017 11:17:04 AM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Importance:	High

Hi Sarah and William,

Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I've identified that require further drafting/consideration.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

a~~A~~s Lender

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a~~s~~ statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(~~the "OFA"~~)(as Lender)

RECITALS:

WHEREAS t~~T~~he IESO has requested a ~~short term~~ revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of ~~its funding from the OFA to~~ supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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Commented [LS1]: Consistent with Directive

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Commented [LS2]: Not necessary

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [LS4]: As per Sarah H.'s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~"**Note**" means the notes of IESO issued under this Agreement.~~

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such ~~Material~~ Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [LS6]: I don't think this is necessary. Otherwise there are already references to "Credit Facility" throughout. There are also references to "Grid Note" in Schedule 3.

Commented [LS7]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

Commented [LS8]: As per Sarah's comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

Commented [LS9]: Delete as per above?

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [LS10]: Delete if references to "Subsidiary" deleted

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

~~(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,~~

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the OFHP,

(2) ~~With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, T~~the IESO is expected to recover or repay ~~such~~ the proceeds for each Advances ~~over~~ a period of no more than 12 months from the date of ~~the~~ such Advance."

Section 2.3 ~~Commitment and~~ Credit Facility Limit~~s~~.

The Advances Outstanding ~~to the IESO under the Short Term Credit Facility~~ outstanding shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no ~~re~~payment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

Commented [LS11]: Salman please update this section

Commented [WT12]: Salman and Lisa, please comment if this regulation still applies?

Commented [LS13R12]: No. See below

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Commented [LS14]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [WT15]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Commented [LS16]: As per internal e-mail chain. IESO to confirm - Short to medium?

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(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Commented [LS18]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province~~ OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province~~ OFA

Commented [LS19]: Why are there references to the Province?

hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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Commented [WT20]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Commented [LS21R20]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

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Commented [LS22]: Change to defined term throughout

Commented [LS23]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The ~~Note~~ Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~OFA's~~ Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

Commented [LS24]: Confirm with Capital Markets and be consistent with subsequent reference

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~IESO~~ Grid Note ~~promissory note~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS25]: If referring to Subsidiaries in agreement, include here as well?

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

Commented [LS26]: Why was this changed? Appears redundant.

The IESO will duly and punctually pay ~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and~~ all ~~other~~ amounts owing under this Agreement in accordance with the terms ~~and~~ and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1,~~ The IESO will at all times maintain its corporate existence.

Commented [LS27]: Deleted s. 7.1 as n/a in this context

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [LS28]: Keep?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~OFA's~~ Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may ~~require~~ request from time to time.

Commented [LS29]: Should we include a timeline? E/g within X business days of request?

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any ~~Loan~~ Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the principal amount of~~ any ~~Advance~~ Advance when it becomes due and payable, if such failure continues ~~and all interest accrued thereon on the applicable Repayment Date~~ for a period of 3 Bbusiness Dd~~d~~ays; ~~and any other amounts owing under this Agreement when due;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement,

Commented [LS30]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [WT31]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS32R31]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and

capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
~~CONSOLIDATION, AMALGAMATION, MERGER OF IESO~~

Commented [LS33]: N/A in context of IESO

~~Section 7.1 Certain Requirements in Respect of Merger, etc.~~

~~IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~Section 7.2 Successor Substituted.~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.~~

ARTICLE 8
GENERAL

Commented [LS34]: Change numbering throughout and references if applicable

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this ~~Amending~~ Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____ ~~Name:~~

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS35]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) [Identify Advance in question] ~~The date of the proposed election, being a Business Day is _____;~~
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "~~Company~~IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS36]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

~~Line of~~ Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 12:37:38 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance:	High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS4]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT5R4]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH6]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS7]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS8]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS9]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT10R9]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS11R9]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short-Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS12]: Make sure definition updated.

Commented [WT13]:

Commented [WT14R13]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT15]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS16]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS17]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT18]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS19]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

(3)(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4)(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5)(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~2~~1 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.~~3~~2 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~3~~2 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS20]: Why was this changed? Appears redundant.

Commented [WT21R20]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS22R20]: Add back original language (pre-amendment)

Commented [LS23]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS24]: Deleted s. 7.1 as n/a in this context

Commented [WT25R24]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. “Past practice has been to included this language even if not relevant at the present time’. Our preference is to keep this.

Commented [LS26]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~d~~c) ~~——~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(d~~e~~) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS27]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS28]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS29]: N/A in context of IESO

Commented [WT30R29]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS31]: Change numbering throughout and references if applicable

Commented [SH32R31]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS33]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~e~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT34]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT35]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Salman Qadir
To:	Patrick Rundans (MOF)
Cc:	Sarah Harris; Bruno Amara; John Kim
Subject:	OIC s22 CIPA - OFA-IESO
Date:	Tuesday, May 30, 2017 5:36:05 PM

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

From:	Salman Qadir
To:	Sarah Harris; Patrick Rundans (MOF)
Cc:	Shajee Kathirgamanathan; Bruno Amara
Subject:	OIC s22 CIPA - OFA-IESO
Date:	Tuesday, May 23, 2017 5:15:51 PM
Attachments:	2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v3.doc 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v3_clean.doc

---

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

Salman

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council related to the proposed Fair Hydro Act**

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans will allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") as required under the Province's proposed Fair Hydro Act.

Under the mechanism in the proposed Fair Hydro Act, the IESO requires a revolving credit facility to cover clean energy costs if for some reason the Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts. For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister approve the OIC. This OIC is on track to be approved on June 27, 2017 together with proposed submission related to the proposed Fair Hydro Act.

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council related to the proposed Fair Hydro Act**

Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of obtaining authorization to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans will allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") as required under the Province's proposed Fair Hydro Act.

Under the mechanism in the proposed Fair Hydro Act, the IESO requires a revolving credit facility to cover clean energy costs if for some reason the Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts. For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment
c. Gadi Mayman

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA")~~CIPA~~, which will authorize the Minister of Finance to provide ~~a~~ loan(s) to the OFA in an amount of up to $3.5 billion. This authorization will be valid between the date of ~~this approval~~the OIC and ~~March 31~~June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed Fair Hydro Plan Act.

- ~~—~~

s. 2 Approach and Intended Outcomes

- The OFA provides financing to government entities as directed by the Minister of Finance. For the OFA to on-lend, the OFA borrows from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act.

- The OFA will be required to provide a revolving credit facility for market liquidity purposes related to the on-going Fair Hydro Plan Act. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO").

- A key element of the proposed Fair Hydro Plan Act results in the IESO to incur a funding shortfall and unilaterally selling that shortfall as an asset to

OPG Trust. The proposed legislation does not compel OPG Trust to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event if for some reason the OPG Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts under the proposed Fair Hydro Plan Act.

- IESO has currently requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the Fair Hydro Plan implementation. The $2 billion request from IESO is based on current data which could change in order to maintain the Fair Hydro Plan Act and the OIC authorization is $3.5 billion is to ensure there is sufficient contingency in place once the implementation begins..

- For the OFA to accommodate this request, the OFA can only on-lend funds borrowed from the Minister of Finance, which are authorized under an OIC, hence this request.

- The Minister of Finance will be required to provide a Directive to the OFA for any loans made as a result of this OIC and will subject to the of $3.5 billion set by this OIC.

s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the borrowing and on-lending capacity is instrumental in implementing the proposed Fair Hydro Plan.
- The Fair Hydro Plan ~~and its related proposed Fair Hydro~~ Act are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of

Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. ~~The~~A Dd~~i~~irective from the Minister will be required that will provide direction on~~provides details on~~ how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
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Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

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	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the OFA in an amount of up to $3.5 billion. This authorization will be valid between the date of the OIC and June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed Fair Hydro Plan Act.

s. 2 Approach and Intended Outcomes

- The OFA provides financing to government entities as directed by the Minister of Finance. For the OFA to on-lend, the OFA borrows from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act.

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- A key element of the proposed Fair Hydro Plan Act results in the IESO to incur a funding shortfall and unilaterally selling that shortfall as an asset to OPG Trust. The proposed legislation does not compel OPG Trust to purchase any portion of the regulatory asset. As a result, IESO requires short-term

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- IESO has currently requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the Fair Hydro Plan implementation. The $2 billion request from IESO is based on current data which could change in order to maintain the Fair Hydro Plan Act and the OIC authorization is $3.5 billion is to ensure there is sufficient contingency in place once the implementation begins..

- For the OFA to accommodate this request, the OFA can only on-lend funds borrowed from the Minister of Finance, which are authorized under an OIC, hence this request.

- The Minister of Finance will be required to provide a Directive to the OFA for any loans made as a result of this OIC and will subject to the of $3.5 billion set by this OIC.

s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

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- The Fair Hydro Plan Act are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.

- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

From:	Salman Qadir
To:	Sarah Harris; Patrick Rundans (MOF)
Cc:	Shajee Kathirgamanathan; Bruno Amara
Subject:	OIC s22 CIPA - OFA-IESO
Date:	Tuesday, May 23, 2017 5:15:51 PM
Attachments:	2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v3.doc 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v3_clean.doc

---

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

Salman

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council related to the proposed Fair Hydro Act**

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans will allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") as required under the Province's proposed Fair Hydro Act.

Under the mechanism in the proposed Fair Hydro Act, the IESO requires a revolving credit facility to cover clean energy costs if for some reason the Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts. For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister approve the OIC. This OIC is on track to be approved on June 27, 2017 together with proposed submission related to the proposed Fair Hydro Act.

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council related to the proposed Fair Hydro Act**

Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of obtaining authorization to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans will allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") as required under the Province's proposed Fair Hydro Act.

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Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment
c. Gadi Mayman

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA")~~CIPA~~, which will authorize the Minister of Finance to provide ~~a~~ loan(s) to the OFA in an amount of up to $3.5 billion. This authorization will be valid between the date of ~~this approval~~the OIC and ~~March 31~~June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed Fair Hydro Plan Act.

- ~~—~~

s. 2 Approach and Intended Outcomes

- The OFA provides financing to government entities as directed by the Minister of Finance. For the OFA to on-lend, the OFA borrows from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act.

- The OFA will be required to provide a revolving credit facility for market liquidity purposes related to the on-going Fair Hydro Plan Act. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO").

- A key element of the proposed Fair Hydro Plan Act results in the IESO to incur a funding shortfall and unilaterally selling that shortfall as an asset to

OPG Trust. The proposed legislation does not compel OPG Trust to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event if for some reason the OPG Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts under the proposed Fair Hydro Plan Act.

- IESO has currently requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the Fair Hydro Plan implementation. The $2 billion request from IESO is based on current data which could change in order to maintain the Fair Hydro Plan Act and the OIC authorization is $3.5 billion is to ensure there is sufficient contingency in place once the implementation begins..

- For the OFA to accommodate this request, the OFA can only on-lend funds borrowed from the Minister of Finance, which are authorized under an OIC, hence this request.

- The Minister of Finance will be required to provide a Directive to the OFA for any loans made as a result of this OIC and will subject to the of $3.5 billion set by this OIC.

s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the borrowing and on-lending capacity is instrumental in implementing the proposed Fair Hydro Plan.
- The Fair Hydro Plan ~~and its related proposed Fair Hydro~~ Act are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of

Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. ~~The~~A Dd~~i~~irective from the Minister will be required that will provide direction on~~provides details on~~ how the OFA can use the proceeds of the loan.

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- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

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See Appendix X, Communications Plan

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Appendices

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LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
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Capital Investment Plan Act

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Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

From:	Salman Qadir
To:	Patrick Rundans (MOF)
Cc:	Sarah Harris; Bruno Amara; John Kim
Subject:	OIC s22 CIPA - OFA-IESO
Date:	Tuesday, May 30, 2017 5:36:05 PM

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

From:	Sarah Harris
To:	Opal Kandelas
Cc:	Kelly Listoe
Subject:	Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1.docx
Date:	Wednesday, May 31, 2017 10:49:23 AM
Attachments:	Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1.docx

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Hi Opal,

I've filled in the last part for IESO.

Sarah

Outstanding Business Issues – Ontario Fair Hydro Plan
Briefing Note

PURPOSE
Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (~~Service and~~ Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA and working towards the development of a term sheet
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - The Province would like to minimize to the extent possible , the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers
   - The Province is considering regulation changes to exempt the income arising as a consequence of the Fair Hydro Plan from PILs
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity
   - **Next Steps:**
     - The Ministries of Finance, OFA and OPG are working together to determine required regulation changes
     - Timing: [Next steps for a decision / when is a decision required / when would these regulation changes occur]

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**

- OPG will require equity injections on a monthly basis in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province
- The Ministry of Energy received appropriation for $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT
- **Next Steps:**
    - The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.
    - Timing: OPG will require the ability to issue equity in July, so mechanics and agreements should be finalized in June

4. **Management Fees**
    - OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
    - The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations which are currently in development
    - OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements
    - **Next Steps:**
        - OPG and OEB will bring forward a recommended framework for developing management fees
        - Timing: For incorporation into regulations being brought forward in June

5. **IESO – Increased Credit Facilities**
    - The OPG financing entity has the right to purchase the regulatory asset from IESO but does not have to purchase it.
    - IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
    - **Next Steps:**
        - OFA is drafting a new agreement for a $2 billion credit facility for the OFA to lend funds to IESO for FHP purposes. Concurrently, the OFA is seeking LRC approval for a new $2 billion OIC, as well as a Directive from the Minister of Finance, which are both necessary for the OFA to lend funds to IESO under the new Credit Facility. .....
        - Timing: The OIC is scheduled as item for the June 27, 2017 LRC meeting. The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017.....

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From: Sarah Harris
To: Malle Hanslep (MOF); Sarah Neville
Subject: Prom Notes
Date: Monday, June 12, 2017 12:26:17 PM
Attachments: 767 - 99 and 675 -97.pdf

Hi Sarah and Malle,

As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC.

Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.

Would you have any record of this prom note having been executed?

Thanks,
Sarah

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

Corp. Finance
Borrowing Bylaw
for the OFA

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Six Hundred and Fifty-six Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law in accordance with the Act and approved by the Minister of Finance;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2029;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan, provided that the maximum principal amount of the loan outstanding at any time shall not exceed Six Hundred and Fifty-six Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the interest rate paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the interest rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 1 1999

Date

Lieutenant Governor

Ministry of Finance

Office of the Minister

Frost Building South
7 Queen' s Park Cres.
Toronto ON M7A 1Y7
Tel: (416) 325-0400
Fax: (416) 325-0374

Ministère des Finances

Bureau du ministre

Edifice Frost sud
7 Queen' s Park Cres.
Toronto ON M7A 1Y7
Tél: (416) 325-0400
Téléc: (416) 325-0374

Ontario

February 22, 1999

MEMORANDUM TO: The Honourable Ernie Eves
Minister of Finance

SUBJECT: **Ontario Financing Authority 1999-2000 Borrowing OIC**

Attached for your approval and signature is an Order in Council (OIC) authorizing the Province to lend up to $656 Million to the Ontario Financing Authority ("OFA").

The amount authorized to be borrowed by the OFA from the Province will provide financing to Ontario Housing Corporation, Ontario Northland Transportation Commission and other public bodies. The borrowed funds can only be on-lent to these public bodies by the OFA for projects that have received approval from Management Board of Cabinet or the Minister of Finance or for specific lines of credit for cash management purposes.

The attached material contains supporting briefing notes and schedules. Staff are available to brief you should you have any questions regarding the OIC.

If you approve this request, will you please sign the proposed OIC so that it may be place on the agenda for the Cabinet meeting scheduled for March 10, 1999.

Bryne Purchase
Deputy Minister

ONTARIO FINANCING AUTHORITY

Issue:

An Order in Council (OIC) authorizing the Ontario Financing Authority (OFA) to borrow up to $656 million from the Province.

Comments:

- The OIC for $656 million will fund the OFA's lending requirements for the 1999/2000 fiscal year.

- The $656 million will be loaned to meet Government committments to Ontario Housing Corporation, Ontario Northland Transportation Commission and other public bodies as per attached schedule showing the projected use of funds for these organizations as well as the previous fiscal year advances.

- The OFA lends funds to public bodies, as an intermediary of the Province subject to the conditions and restrictions of the OFA Lending Policy.

- The OFA Lending Policy requires that the OFA Board approve an annual borrowing plan for the OFA that identifies;

  (i) the OFA's borrowing requirements for the year from the Province and any other sources; and

  (ii) the projects or purposes for which the borrowed funds will be used, including loans to public bodies for specific projects and contingencies.

- All necessary OFA Board and Management Board approvals must be in place before the OFA will execute this borrowing authority and on-lend funds to any government agency.

- Interest will be paid by the OFA to the Province under one of the following rates:

  - the Provincial 90-day Treasury Bill rate,
  - the rates charged by OFA on the corresponding loans by the OFA to government agencies, or
  - less 25 basis points on the said loans.

  This flexibility will allow the OFA to match the terms of the loan from the Province to the terms of the loans made by the OFA to government agencies.

RECOMMENDATION:

- Approval of the OIC authorizing a loan up to $656 million to the OFA.

Tony Salerno
Gadi Mayman
Linda Smith (5-8142)/Irene Stich (5-8053)
Capital Markets Division
February 18,1999

Irene

1999-00 REVIEW OF OFA LENDING POLICY: FOR OFA LENDING UNDERTAKEN as an INTERMEDIARY of the PROVINCE

Issue

- Review of the OFA Lending Policy for lending activities undertaken where the OFA is acting as an intermediary of the Province.

Recommendation

- It is recommended that the OFA Board make no changes to the current OFA Lending Policy for the year 1999-00. No amendments are required to the Lending Policy since it still accurately reflects the lending activities of the OFA, and no change is anticipated in those lending activities.

Background

- Under the current Lending Policy, the OFA:

  (i) does not lend to public bodies, other than as an intermediary of the Province, without the prior approval of the OFA Board;

  (ii) advances loans to Crown Agencies and Other Public Bodies where the Province supports the provision of Provincial financing and it is advantageous to the Province for the OFA to provide the loan; and

  (iii) does not receive a fee from the Province or earn a profit for lending activities where it is acting as an intermediary on behalf of the Province.

- The Lending Policy requires that an annual borrowing plan for the OFA be provided to the OFA Board for approval along with a report outlining the status of all loans outstanding.

- Where Cabinet, Management Board of Cabinet or the Minister of Finance requests the OFA to advance a loan to a public body or authorizes the public body to borrow from the OFA, no further OFA Board approval is required.

- Where the Province has approved Provincial financing to a public body without specifying the role of the OFA, the OFA will advance the loan if:

  – the CEO of the OFA and the Director of Corporate Finance or a committee of the OFA Board or the Board has authorized the OFA to advance the loan; and

- there is sufficient allocation for the loan in the annual borrowing plan.

- The OFA will adhere to the lending terms and conditions outlined in the Lending Policy unless otherwise requested by Cabinet, Management Board of Cabinet or the Minister of Finance.

Bill Ralph (5-8057)/John McKendrick (5-9815)/Sophie Léger (5-9817)
Ontario Financing Authority
February 15, 1999

Total OFA Loans Outstanding

Borrower & Project	As of December 31, 1998 ($ million)		
	Principal Advanced	Accrued Interest	Total Outstanding
City of Toronto [1] Restructuring	100.0	0.0	100.0
City of Windsor Joint Justice Facility	16.8	0.7	17.5
Metropolitan Toronto Convention Centre [2] Convention Centre Expansion	137.4	16.0	153.4
Ontario Northland Transportation Commission Rails Cars and Spur Line	13.6	0.0	13.6
Ontario Science Centre OMNIMAX Theatre	1.6	0.0	1.6
Ontario Transportation Capital Corporation [3] Highway 407	1,400.3	106.7	1,507.0
Ontario Housing Corporation Prepayment of CMHC Debentures	0.0	0.0	0.0
Contingency Amount [4] As Required and Approved	0.0	0.0	0.0
Total	**1,669.7**	**123.4**	**1,793.1**

1. City of Toronto loan expected to be assigned to MMAH in March 1999; second $100 M will be provided by MMAH.
2. Refinancing of a portion of the MTCC loan is expected in April 1999.
3. Sales proceeds for the Highway 407 are expected in May 1999.
4. Use of Contingency amount is subject to the approvals required in the OFA lending policy.

Ontario Financing Authority, Corporate Finance Division
February 10, 1999
H:\ofa\1999-00 by-law\borrowing&onlending plan 99-00 2.wpd

OFA loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of;

(i) Two Billion One Hundred and Sixty Million Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires;

(b) the Borrower shall be entitled to repay Advances plus accrued interest either in whole or in part and at such time or times as it determines provided that all Advances plus accrued interest shall be fully repaid by August 31, 2027;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Fifty-Five Million Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned may be adjusted at the option of the Borrower effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less 25 basis points,

rather than the rate specified in subparagraph (i), until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full; and

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Dated this day of , 1997.

Ontario Financing Authority

per:_____
Executive Director

ADVANCES OF PRINCIPAL

TKT #	DOC #	TRADE DATE	INT RESET DATE	# DAYS	INT. REF: T-Bill or OFA Loan or OFA Loan less 25 bps	INT RATE	ADVANCE	ACCRUED INT.	TOTAL ADVANCES

From: Sarah Harris
To: Malle Hanslep (MOF); Sarah Neville
Subject: Prom Notes
Date: Monday, June 12, 2017 12:26:17 PM
Attachments: 767 - 99 and 675 -97.pdf

Hi Sarah and Malle,
As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC. Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.
Would you have any record of this prom note having been executed?
Thanks,
Sarah

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

Corp. Finance
Borrowing Bylaw
for the OFA

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Six Hundred and Fifty-six Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law in accordance with the Act and approved by the Minister of Finance;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2029;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan, provided that the maximum principal amount of the loan outstanding at any time shall not exceed Six Hundred and Fifty-six Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the interest rate paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the interest rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 1 1999

Date

Lieutenant Governor

Ministry of Finance

Office of the Minister

Frost Building South
7 Queen' s Park Cres.
Toronto ON M7A 1Y7
Tel: (416) 325-0400
Fax: (416) 325-0374

Ministère des Finances

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Toronto ON M7A 1Y7
Tél: (416) 325-0400
Téléc: (416) 325-0374

Ontario

February 22, 1999

MEMORANDUM TO: The Honourable Ernie Eves
Minister of Finance

SUBJECT: **Ontario Financing Authority 1999-2000 Borrowing OIC**

Attached for your approval and signature is an Order in Council (OIC) authorizing the Province to lend up to $656 Million to the Ontario Financing Authority ("OFA").

The amount authorized to be borrowed by the OFA from the Province will provide financing to Ontario Housing Corporation, Ontario Northland Transportation Commission and other public bodies. The borrowed funds can only be on-lent to these public bodies by the OFA for projects that have received approval from Management Board of Cabinet or the Minister of Finance or for specific lines of credit for cash management purposes.

The attached material contains supporting briefing notes and schedules. Staff are available to brief you should you have any questions regarding the OIC.

If you approve this request, will you please sign the proposed OIC so that it may be place on the agenda for the Cabinet meeting scheduled for March 10, 1999.

Bryne Purchase
Deputy Minister

ONTARIO FINANCING AUTHORITY

Issue:

An Order in Council (OIC) authorizing the Ontario Financing Authority (OFA) to borrow up to $656 million from the Province.

Comments:

- The OIC for $656 million will fund the OFA's lending requirements for the 1999/2000 fiscal year.

- The $656 million will be loaned to meet Government committments to Ontario Housing Corporation, Ontario Northland Transportation Commission and other public bodies as per attached schedule showing the projected use of funds for these organizations as well as the previous fiscal year advances.

- The OFA lends funds to public bodies, as an intermediary of the Province subject to the conditions and restrictions of the OFA Lending Policy.

- The OFA Lending Policy requires that the OFA Board approve an annual borrowing plan for the OFA that identifies;

  (i) the OFA's borrowing requirements for the year from the Province and any other sources; and

  (ii) the projects or purposes for which the borrowed funds will be used, including loans to public bodies for specific projects and contingencies.

- All necessary OFA Board and Management Board approvals must be in place before the OFA will execute this borrowing authority and on-lend funds to any government agency.

- Interest will be paid by the OFA to the Province under one of the following rates:

  - the Provincial 90-day Treasury Bill rate,
  - the rates charged by OFA on the corresponding loans by the OFA to government agencies, or
  - less 25 basis points on the said loans.

  This flexibility will allow the OFA to match the terms of the loan from the Province to the terms of the loans made by the OFA to government agencies.

RECOMMENDATION:

- Approval of the OIC authorizing a loan up to $656 million to the OFA.

Tony Salerno
Gadi Mayman
Linda Smith (5-8142)/Irene Stich (5-8053)
Capital Markets Division
February 18,1999

Irene

1999-00 REVIEW OF OFA LENDING POLICY: FOR OFA LENDING UNDERTAKEN as an INTERMEDIARY of the PROVINCE

Issue

- Review of the OFA Lending Policy for lending activities undertaken where the OFA is acting as an intermediary of the Province.

Recommendation

- It is recommended that the OFA Board make no changes to the current OFA Lending Policy for the year 1999-00. No amendments are required to the Lending Policy since it still accurately reflects the lending activities of the OFA, and no change is anticipated in those lending activities.

Background

- Under the current Lending Policy, the OFA:

  (i) does not lend to public bodies, other than as an intermediary of the Province, without the prior approval of the OFA Board;

  (ii) advances loans to Crown Agencies and Other Public Bodies where the Province supports the provision of Provincial financing and it is advantageous to the Province for the OFA to provide the loan; and

  (iii) does not receive a fee from the Province or earn a profit for lending activities where it is acting as an intermediary on behalf of the Province.

- The Lending Policy requires that an annual borrowing plan for the OFA be provided to the OFA Board for approval along with a report outlining the status of all loans outstanding.

- Where Cabinet, Management Board of Cabinet or the Minister of Finance requests the OFA to advance a loan to a public body or authorizes the public body to borrow from the OFA, no further OFA Board approval is required.

- Where the Province has approved Provincial financing to a public body without specifying the role of the OFA, the OFA will advance the loan if:

  – the CEO of the OFA and the Director of Corporate Finance or a committee of the OFA Board or the Board has authorized the OFA to advance the loan; and

- there is sufficient allocation for the loan in the annual borrowing plan.

- The OFA will adhere to the lending terms and conditions outlined in the Lending Policy unless otherwise requested by Cabinet, Management Board of Cabinet or the Minister of Finance.

Bill Ralph (5-8057)/John McKendrick (5-9815)/Sophie Léger (5-9817)
Ontario Financing Authority
February 15, 1999

Total OFA Loans Outstanding

Borrower & Project	As of December 31, 1998 ($ million)		
	Principal Advanced	Accrued Interest	Total Outstanding
City of Toronto [1] Restructuring	100.0	0.0	100.0
City of Windsor Joint Justice Facility	16.8	0.7	17.5
Metropolitan Toronto Convention Centre [2] Convention Centre Expansion	137.4	16.0	153.4
Ontario Northland Transportation Commission Rails Cars and Spur Line	13.6	0.0	13.6
Ontario Science Centre OMNIMAX Theatre	1.6	0.0	1.6
Ontario Transportation Capital Corporation [3] Highway 407	1,400.3	106.7	1,507.0
Ontario Housing Corporation Prepayment of CMHC Debentures	0.0	0.0	0.0
Contingency Amount [4] As Required and Approved	0.0	0.0	0.0
Total	**1,669.7**	**123.4**	**1,793.1**

1. City of Toronto loan expected to be assigned to MMAH in March 1999; second $100 M will be provided by MMAH.
2. Refinancing of a portion of the MTCC loan is expected in April 1999.
3. Sales proceeds for the Highway 407 are expected in May 1999.
4. Use of Contingency amount is subject to the approvals required in the OFA lending policy.

Ontario Financing Authority, Corporate Finance Division
February 10, 1999
H:\ofa\1999-00 by-law\borrowing&onlending plan 99-00 2.wpd

OFA loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of;

(i) Two Billion One Hundred and Sixty Million Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires;

(b) the Borrower shall be entitled to repay Advances plus accrued interest either in whole or in part and at such time or times as it determines provided that all Advances plus accrued interest shall be fully repaid by August 31, 2027;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Fifty-Five Million Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned may be adjusted at the option of the Borrower effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less 25 basis points,

rather than the rate specified in subparagraph (i), until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full; and

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Dated this day of , 1997.

Ontario Financing Authority

per:_____
Executive Director

ADVANCES OF PRINCIPAL

TKT #	DOC #	TRADE DATE	INT RESET DATE	# DAYS	INT. REF: T-Bill or OFA Loan or OFA Loan less 25 bps	INT RATE	ADVANCE	ACCRUED INT.	TOTAL ADVANCES

From:	Sarah Harris
To:	Linda Smith
Cc:	Opal Kandelas
Subject:	Question - OIC for new IESO Credit Facility
Date:	Tuesday, May 30, 2017 9:30:09 AM
Attachments:	CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,

Sarah

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Sarah Harris
To:	Linda Smith
Cc:	Opal Kandelas
Subject:	Question - OIC for new IESO Credit Facility
Date:	Tuesday, May 30, 2017 9:30:09 AM
Attachments:	CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,

Sarah

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: Andrea Dalgarno
Subject: RE: (Draft Response) OFA Loan Update as at May 5, 2017
Date: Wednesday, May 17, 2017 12:07:58 PM

Thank you, Andrea.
I've made a few changes – I thought maybe quarterly may suffice. Could you please fill in the OIC numbers below, and provide any other edits you think are necessary.
Because our goal is to make Corporate Finance responsible for the information, I'm thinking we keep the cleaned up version for ourselves, and send them a version without the TAS reconciliation. We can, however, note in the spreadsheet any key noticeable differences in the spreadsheet that "we became aware of" in touching base with Accounting (i.e. 47 vs. 40 million).
I'll then send out the e-mail.
Thanks,
Sarah

From: Andrea Dalgarno
Sent: Wednesday, May 17, 2017 11:16 AM
To: Sarah Harris
Subject: (Draft Response) OFA Loan Update as at May 5, 2017

Sarah,

Draft email is as follows- not sure if you want to attach current rendition of the May 5 , 2017 spreadsheet but assumed yes at this point.

Hi Mara,

We sent the Loans spreadsheet to Corporate Finance as part of practice undertaken previously by Documentation and Corporate Finance to verify outstanding loan amounts under the OFA's existing lending OICs (currently there are two OIC YYY and ZZZ).

For OFA lending OICs, Documentation assists in obtaining new lending OICs if the existing OICs are not sufficient to cover relevant OFA Loans (the existing lending OICs are over 15 years old, so there has been no need to obtain a new OIC in some time). However, since Documentation does not originate the loans/loan agreements, Documentation is reliant on Corporate Finance for the provision and verification of OFA lending activity under such OICs in order to ensure that it is fully captured in OIC tables and the OFA does not exceed the borrowing authority under the applicable OICs. In order to keep the table up to date, we propose sending the spreadsheet on a quarterly basis for Corporate Finance to confirm. We will need to clarify the impact of capitalized interest and how it is determined as it seems unclear (the source and impact on amounts allocated under the OICs) based on past reporting. We have not specified Capitalized Interest or Repayments at this point.

Note that we have made changes to the spreadsheet since we initially sent it to Corporate Finance on May 8, 2017. The current iteration is attached for consideration then further discussion to ensure consensus.

It is our understanding that Corporate Finance, with the assistance of OFA legal, prepares an annual lending directive which includes an estimate of the approved annual OFA lending. During the course of this process, OFA legal confirms with Corporate Finance whether there is sufficient authority under existing OIC's or whether a new OFA lending OIC must be sought.

In the past, Accounting has not provided/verified the loan information as it impacts OIC tables. With the implementation of OLMS, we are aware that information flows/inputs may have been affected. In the event that the introduction of OLMS means existing processes need to change, Corporate

Finance and Documentation will need to coordinate with Accounting on the best approach.
Regards,
Sarah Harris
Manager Operations
Capital Markets Operations
Let me know your thoughts…
Regards,
Andrea
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---

From: Mara Bakic
Sent: Thursday, May 11, 2017 4:21 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Cc: Michael Smith <Michael.Smith@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA Loan Update as at May 5, 2017

Hi Andrea,
Corporate Finance does not administer the OFA loans or the OLMS. To confirm amounts repaid, capitalized interest, etc. you should contact OFA's Accounting group (Siva Nathan). Also, I believe that the maturity date noted for the Ontario Infrastructure and Lands Corporation line of credit is incorrect. OILC's last line of credit expired in June 2016. We recently started working with IO on a new line of credit facility but the details have yet to be finalized. In addition, we have been in discussion with MAESD regarding providing loans totalling $300M to colleges and universities in 2017-18 for energy retrofit projects but this loan program has yet to go forward for Treasury Board and Cabinet approval.
Thanks,
Mara

From: Andrea Dalgarno
Sent: Monday, May 08, 2017 11:56 AM
To: Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFA Loan Update as at May 5, 2017

Hi,
Please find attached the updated listing of the OFA Loans as at May 5, 2017. We used the Oct 31, 2013 as the base and then we removed (moved to bottom) what seemed to have matured or no longer exist based on OLMS (current loan system), added new and updated Borrowing Authority Allocated based on OLMS as applicable. We adjusted some maturity dates (OILC and OEFC lines of credit maturity dates) which were incorrect based on documentation in place.
The last update was a joint effort between Documentation and Salman in 2013. We ask that Corporate Finance review to ensure its agreement with the attached update dated May 5, 2017. We are aware of no new school loans but we rely on Corporate Finance for updated information

regarding new loans.
Let me know should you have any questions or concerns.
Regards,
Andrea Dalgarno
Documentation & Analysis Specialist
Ontario Financing Authority
Tel 416-212-7451
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From:	Sarah Harris
To:	Andrea Dalgarno
Subject:	RE: (Draft Response) OFA Loan Update as at May 5, 2017
Date:	Wednesday, May 17, 2017 2:05:44 PM

Thank you, Andrea. Looks good.
I'll send it out.
Sarah

From: Andrea Dalgarno
Sent: Wednesday, May 17, 2017 12:35 PM
To: Sarah Harris
Subject: FW: (Draft Response) OFA Loan Update as at May 5, 2017
Hi,
I added the two OIC numbers.
Attached is revised file without TAS rec- just notes.
One suggest addition.
Regards,
Andrea

From: Sarah Harris
Sent: Wednesday, May 17, 2017 12:08 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Subject: RE: (Draft Response) OFA Loan Update as at May 5, 2017
Thank you, Andrea.
I've made a few changes – I thought maybe quarterly may suffice. Could you please fill in the OIC numbers below, and provide any other edits you think are necessary.
Because our goal is to make Corporate Finance responsible for the information, I'm thinking we keep the cleaned up version for ourselves, and send them a version without the TAS reconciliation. We can, however, note in the spreadsheet any key noticeable differences in the spreadsheet that "we became aware of" in touching base with Accounting (i.e. 47 vs. 40 million).
I'll then send out the e-mail.
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Sarah,
Draft email is as follows- not sure if you want to attach current rendition of the May 5 , 2017 spreadsheet but assumed yes at this point.
Hi Mara,
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has been no need to obtain a new OIC in some time). However, since Documentation does not originate the loans/loan agreements, Documentation is reliant on Corporate Finance for the provision and verification of OFA lending activity under such OICs in order to ensure that it is fully captured in OIC tables and the OFA does not exceed the borrowing authority under the applicable OICs. In order to keep the table up to date, we propose sending the spreadsheet on a quarterly basis for Corporate Finance to confirm. We will need to clarify the impact of capitalized interest and how it is determined as it seems unclear (the source and impact on amounts allocated under the OICs) based on past reporting. We have not specified Capitalized Interest or Repayments at this point. Note that we have made changes to the spreadsheet since we initially sent it to Corporate Finance on May 8, 2017. The current iteration is attached for consideration then further discussion to ensure consensus. Note that the allocated amounts highlighted in orange represent what we believe to be the amount of authority that should be deemed used/allocated. Likewise, for the calculation of the remaining authority the orange represents our final calculation.

It is our understanding that Corporate Finance, with the assistance of OFA legal, prepares an annual lending directive which includes an estimate of the approved annual OFA lending. During the course of this process, OFA legal confirms with Corporate Finance whether there is sufficient authority under existing OIC's or whether a new OFA lending OIC must be sought.

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Regards,
Sarah Harris
Manager Operations
Capital Markets Operations

Let me know your thoughts…

Regards,

Andrea

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Sent: Thursday, May 11, 2017 4:21 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Cc: Michael Smith <Michael.Smith@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA Loan Update as at May 5, 2017

Hi Andrea,

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Thanks,
Mara

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Hi,
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Tel 416-212-7451
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From:	Salman Qadir
To:	Lisa Stein
Cc:	Bruno Amara; John Kim; Sarah Harris
Subject:	RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Friday, June 09, 2017 4:36:53 PM

Hi Lisa,
Sarah's group is working on the agreement and the terms of the agreement, at a high level, are what were included in IESO's request letter, which the OFA appears to have agreed to.
I think the directive covers the key terms of the request which were in the request letter from IESO and anything further will be subject to any negotiation between OFA and IESO. If a specific term is in the directive language is causing an issue, we could leave it out?
It may look like a lot of track changes, but most of them are just moving things around.
I just don't want the directive to be similar to the term sheet since the term sheet may change if need be and the directive still needs flexibility for any negotiation that may need to occur.
Happy to share it with MOF legal as is as well.
Regards,
Salman

From: Lisa Stein
Sent: Friday, June 09, 2017 4:21 PM
To: Salman Qadir
Cc: Bruno Amara ; John Kim ; Sarah Harris
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Hi Salman,
In my view it would be prudent to develop a term sheet prior to finalizing the draft directive as it is currently missing details. Is this a possibility? Once I receive a term sheet I will create a new draft of the directive.
Thank you,
Lisa

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Hi Lisa,
I've made some changes to the directive, some based on our discussion and some based on an example of another directive I found for a line of credit (see pdf attached, albeit between OEFC and IESO). You'll see that there are still some questions to confirm, so we can leave those comments in.
If you can take a look at the drafting and if you're okay with it (feel free to make additional changes), I will clean it up and circulate to CMD/senior management for another review and to gauge some feedback on the remaining questions.
Accordingly, I can drop by any time today to discuss further.
Thank you again,
Salman

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further draft.

Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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From:	Sarah Harris
To:	Lisa Stein; Salman Qadir
Cc:	Bruno Amara; John Kim; William Tan
Subject:	RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Friday, June 09, 2017 10:11:32 AM

HI Lisa,
That is correct.
Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 09, 2017 9:37 AM
To: Sarah Harris ; Salman Qadir
Cc: Bruno Amara ; John Kim ; William Tan
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Thank you Sarah. Just to clarify – there should be an amending agreement and a new credit facility agreement. Is documentation working on both of these?
Lisa

From: Sarah Harris
Sent: Friday, June 09, 2017 9:00 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
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Yes, Documentation is working on the draft agreement and we will send you a draft soon.
Thanks,
Sarah

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Subject:	RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Friday, June 09, 2017 9:37:14 AM

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From: Sarah Harris
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Date: Friday, June 09, 2017 4:20:58 PM

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From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein
Cc: Bruno Amara ; John Kim ; Sarah Harris
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
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Sent: Thursday, June 08, 2017 4:52 PM
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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Legal Counsel
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416-325-2320
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Subject:	RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Friday, June 09, 2017 4:15:42 PM
Attachments:	4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v4.docx

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DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

~~**WHEREAS**~~**Whereas**:

The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

~~**WHEREAS: [IESO has requsted funding…..]**~~

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to ~~provide a~~lend ~~revolving credit facility~~ to the ~~Independent Electricity System Operator ("IESO")~~IESO under a revolving credit facility (the "Line of Credit") in an aggregate ~~total~~ principal amount of up to CAD $2,000,000,000.00 ~~(the "Loan")~~.

The following terms and conditions shall apply in respect of the ~~Loan~~Line of Credit:

1. The ~~Loan~~ Line of Credit shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of , and its participation in,the *Ontario Fair Hydro Plan Act, 2017.*

   A ~~Loan~~ Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

2.
3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.

~~2.~~4. The OFA will charge interest on the ~~Loan~~ Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

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5. The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

~~4.~~6. The ~~Loan~~ Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and ~~approved by the CEO of the OFA, or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.~~to be entered into by the IESO and the OFA.

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Date:	Friday, June 09, 2017 12:00:39 PM
Attachments:	4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v3.docx 05 - IESO-OEFC - Loan and Line of Credit Renewal - Appendix Directives_LoC - April 2010-2014_all.pdf

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As of now, IESO is requesting that advances be allowed for as minimum as 7-days. There is no equivalent rate for a 7-day borrowing. Initial conversations with CMD suggested we simply do "if advance less than 30 days, use 30-day t-bill" – or similarly, since advances are expected to be no more than 95 days, simply use 90-day t-bill rate for all advances.

Commented [SQ27]: OIC expires on December 31, 2047. However, changing this date to match IESO request, so suggesting for this to state "5-year after date of corresponding credit agreement.

Commented [LS8]: IESO is requesting 5 year term. New directive after 5 years?

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Loan made under the authority of this Directive, the amount of the spread retained by the OFA shall be equal totwenty-five (25) basis points.

Commented [LS9]: For further discussion.

Commented [SQ210]: For senior management:

Should the spread be retained like most other loan agreements? Or should we remit this back to Province.

Dated , 2017

_____

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit") for the purpose of replacing the current IESO $60 million revolving line of credit with the Toronto-Dominion Bank which is used for liquidity purposes and to temporarily fund corporate requirements, and which matures on April 30, 2010.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $60 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2013.
- Interest shall be payable on the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated April 20th., 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
REFINANCING LOAN TO IESO

To: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") a principal amount of C$78.2 million (the "Loan") during the period from May 1, 2011, to May 1, 2013 for the purpose of refinancing debt owing from IESO to OEFC that matures on May 1, 2011.

The Loan shall be subject to the following terms:

- The term of the Loan shall be two years from May 1, 2011 to May 1, 2013.
- Interest shall be payable on the Loan at a rate established as of May 1, 2011, based on the Province of Ontario's cost of borrowing for a two year term, determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Loan shall be subject to such other terms as OEFC deems appropriate.

The terms of the Loan shall be set out in a loan agreement to be entered into by OEFC and the IESO.

Dated April 20th, 2011

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

It is now desirable to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $110 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2014.
- Effective as of May 1, 2013 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief

Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).

- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 19 2013, 2013

The Honourable Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

Under a further directive dated April 19, 2013 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "C" hereto, OEFC was directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

It is now desirable to decrease the Line of Credit to a principal amount of up to $95 million to provide temporary funding for IESO corporate requirements, and to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $95 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2017.
- Effective as of May 1, 2014 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 08, 2014

The Honourable Charles Sousa
Minister of Finance

From:	Salman Qadir
To:	Lisa Stein
Cc:	Bruno Amara; John Kim; Sarah Harris
Subject:	RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Friday, June 09, 2017 12:00:39 PM
Attachments:	4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v3.docx 05 - IESO-OEFC - Loan and Line of Credit Renewal - Appendix Directives_LoC - April 2010-2014_all.pdf

Hi Lisa,

I've made some changes to the directive, some based on our discussion and some based on an example of another directive I found for a line of credit (see pdf attached, albeit between OEFC and IESO). You'll see that there are still some questions to confirm, so we can leave those comments in.

If you can take a look at the drafting and if you're okay with it (feel free to make additional changes), I will clean it up and circulate to CMD/senior management for another review and to gauge some feedback on the remaining questions.

Accordingly, I can drop by any time today to discuss further.

Thank you again,

Salman

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir
Cc: Bruno Amara ; John Kim ; Sarah Harris
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further draft.

Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

~~**WHEREAS**~~**Whereas**:

The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

~~**WHEREAS: [IESO has requsted funding…..]**~~

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to ~~provide a~~lend ~~revolving credit facility~~ to the ~~Independent Electricity System Operator ("IESO")~~IESO under a revolving credit facility (the "Line of Credit") in an aggregate ~~total~~ principal amount of up to CAD $2,000,000,000.00 ~~(the "Loan")~~.

The following terms and conditions shall apply in respect of the ~~Loan~~Line of Credit:

1. The ~~Loan~~ Line of Credit shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of , and its participation in,the *Ontario Fair Hydro Plan Act, 2017.*

   A ~~Loan~~ Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

2.
3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than five years after the execution date of the Line of Credit.

~~2.~~4. The OFA will charge interest on the ~~Loan~~ Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

~~3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.~~

5. The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

~~4.~~6. The ~~Loan~~ Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and ~~approved by the CEO of the OFA, or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.~~to be entered into by the IESO and the OFA.

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Commented [SQ21]: Consistent with OIC.

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Commented [LS2]: Salman to confirm

Commented [SQ23R2]: This is due process and we should expect this. Will remove otherwise.

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Commented [LS4]: IESO is requesting 5 year term. New directive after 5 years?

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Dated , 2017

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Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit") for the purpose of replacing the current IESO $60 million revolving line of credit with the Toronto-Dominion Bank which is used for liquidity purposes and to temporarily fund corporate requirements, and which matures on April 30, 2010.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $60 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2013.
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- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated April 20th., 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
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To: Ontario Electricity Financial Corporation

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The terms of the Loan shall be set out in a loan agreement to be entered into by OEFC and the IESO.

Dated April 20th, 2011

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

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Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

It is now desirable to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

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Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).

- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 19 2013, 2013

The Honourable Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

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Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

Under a further directive dated April 19, 2013 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "C" hereto, OEFC was directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

It is now desirable to decrease the Line of Credit to a principal amount of up to $95 million to provide temporary funding for IESO corporate requirements, and to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

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The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 08, 2014

The Honourable Charles Sousa
Minister of Finance

From:	Sarah Harris
To:	Lisa Stein; Salman Qadir
Cc:	Bruno Amara; John Kim; William Tan
Subject:	RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Friday, June 09, 2017 10:11:32 AM

HI Lisa,
That is correct.
Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 09, 2017 9:37 AM
To: Sarah Harris ; Salman Qadir
Cc: Bruno Amara ; John Kim ; William Tan
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Thank you Sarah. Just to clarify – there should be an amending agreement and a new credit facility agreement. Is documentation working on both of these?
Lisa

From: Sarah Harris
Sent: Friday, June 09, 2017 9:00 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
HI Lisa,
Yes, Documentation is working on the draft agreement and we will send you a draft soon.
Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Hi Salman,
Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further draft.
Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.
Thank you,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority

416-325-2320
****
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From:	Salman Qadir
To:	Lisa Stein
Cc:	Bruno Amara; John Kim; Sarah Harris
Subject:	RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Friday, June 09, 2017 4:36:53 PM

Hi Lisa,
Sarah's group is working on the agreement and the terms of the agreement, at a high level, are what were included in IESO's request letter, which the OFA appears to have agreed to.
I think the directive covers the key terms of the request which were in the request letter from IESO and anything further will be subject to any negotiation between OFA and IESO. If a specific term is in the directive language is causing an issue, we could leave it out?
It may look like a lot of track changes, but most of them are just moving things around.
I just don't want the directive to be similar to the term sheet since the term sheet may change if need be and the directive still needs flexibility for any negotiation that may need to occur.
Happy to share it with MOF legal as is as well.
Regards,
Salman

From: Lisa Stein
Sent: Friday, June 09, 2017 4:21 PM
To: Salman Qadir
Cc: Bruno Amara ; John Kim ; Sarah Harris
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Hi Salman,
In my view it would be prudent to develop a term sheet prior to finalizing the draft directive as it is currently missing details. Is this a possibility? Once I receive a term sheet I will create a new draft of the directive.
Thank you,
Lisa

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Hi Lisa,
I've made some changes to the directive, some based on our discussion and some based on an example of another directive I found for a line of credit (see pdf attached, albeit between OEFC and IESO). You'll see that there are still some questions to confirm, so we can leave those comments in.
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Salman

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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Hi Salman,

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Thank you,

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****

From:	Sarah Harris
To:	Lisa Stein; William Tan
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 4:59:35 PM

Lisa,
Thank you so very much! Will is just going to fix the formatting of the Grid Note, and will produce a clean copy to be sent to IESO with you cc'd.
(Toby, thanks for your quick review too).
We all deserve an amazing weekend.
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 4:57 PM
To: Sarah Harris ; William Tan
Cc: Tobias P. Whitfield (MOF)
Subject: RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Thanks Sarah. No further comments from me at this time. Please let me know if there is anything you would like to discuss.

From: Sarah Harris
Sent: Friday, June 23, 2017 4:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Oops. Here's the attachment.

From: Sarah Harris
Sent: Friday, June 23, 2017 4:50 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Thanks, Lisa.
I've accepted your changes and cleaned up the draft. Based on Salman's comment, I've removed the question IESO regarding "medium" term vs short term advances.
As such, I only have one comment box left as an inquiry for IESO.
I cleaned up one typo, and the title on the Grid Note was in the wrong place.
Will – Would you please format the grid note to be on one page and resend to us.
Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 4:11 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Please see attached with a few additional tweaks. Please let me know if you would like to discuss further.
Thanks,

Lisa

From:	Lisa Stein
To:	Sarah Harris; William Tan
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 4:57:12 PM

Thanks Sarah. No further comments from me at this time. Please let me know if there is anything you would like to discuss.

From: Sarah Harris
Sent: Friday, June 23, 2017 4:51 PM
To: Lisa Stein ; William Tan
Cc: Tobias P. Whitfield (MOF)
Subject: FW: Blacklined vs OFA Legal version 12 38 pm-rev.docx

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Sent: Friday, June 23, 2017 4:50 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx

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I've accepted your changes and cleaned up the draft. Based on Salman's comment, I've removed the question IESO regarding "medium" term vs short term advances.
As such, I only have one comment box left as an inquiry for IESO.
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Sent: Friday, June 23, 2017 4:11 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: Blacklined vs OFA Legal version 12 38 pm-rev.docx

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Thanks,
Lisa

From: Sarah Harris
To: Lisa Stein; William Tan
Cc: Tobias P. Whitfield (MOF)
Subject: RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date: Friday, June 23, 2017 4:49:42 PM

Thanks, Lisa.
I've accepted your changes and cleaned up the draft. Based on Salman's comment, I've removed the question IESO regarding "medium" term vs short term advances.
As such, I only have one comment box left as an inquiry for IESO.
I cleaned up one typo, and the title on the Grid Note was in the wrong place.
Will – Would you please format the grid note to be on one page and resend to us.
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From: Lisa Stein
Sent: Friday, June 23, 2017 4:11 PM
To: Sarah Harris ; William Tan
Subject: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Please see attached with a few additional tweaks. Please let me know if you would like to discuss further.
Thanks,
Lisa

To:	Lisa Stein
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 4:36:34 PM
Attachments:	FHP credit facility agreement draft June 23, 2017.docx

Hi Lisa,

I agree with all of your changes. I accepted all of the changes, deleted all comments, except for two comments we are including for IESO.

From: Lisa Stein
Sent: Friday, June 23, 2017 4:11 PM
To: Sarah Harris ; William Tan
Subject: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Please see attached with a few additional tweaks. Please let me know if you would like to discuss further.

Thanks,

Lisa

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2.

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Dollars**" or "**$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**Continued Advance"** means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same

property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Commented [SH1]: Could IESO please confirm if this is short term or short to medium term.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance,; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and- any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [SH2]: This provision is contained in the existing IESO-OEFC Credit Facility from 2010. Could IESO please confirm that that a request of this nature from the Province is still applicable?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERA~~R~~TOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

Formatted Table

~~Credit Facility Grid Note~~

To:	Lisa Stein
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 4:36:34 PM
Attachments:	FHP credit facility agreement draft June 23, 2017.docx

Hi Lisa,

I agree with all of your changes. I accepted all of the changes, deleted all comments, except for two comments we are including for IESO.

From: Lisa Stein
Sent: Friday, June 23, 2017 4:11 PM
To: Sarah Harris ; William Tan
Subject: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Please see attached with a few additional tweaks. Please let me know if you would like to discuss further.

Thanks,

Lisa

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2.

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Dollars**" or "**$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**Continued Advance"** means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same

property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Commented [SH1]: Could IESO please confirm if this is short term or short to medium term.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance,; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and- any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [SH2]: This provision is contained in the existing IESO-OEFC Credit Facility from 2010. Could IESO please confirm that that a request of this nature from the Province is still applicable?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERA~~R~~TOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

Formatted Table

~~Credit Facility Grid Note~~

From:	Lisa Stein
To:	Sarah Harris; William Tan
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 5:23:25 PM

Great thank you, have a great weekend!

From: Sarah Harris
Sent: Friday, June 23, 2017 5:00 PM
To: Lisa Stein ; William Tan
Cc: Tobias P. Whitfield (MOF)
Subject: RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Lisa,
Thank you so very much! Will is just going to fix the formatting of the Grid Note, and will produce a clean copy to be sent to IESO with you cc'd.
(Toby, thanks for your quick review too).
We all deserve an amazing weekend.
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 4:57 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Thanks Sarah. No further comments from me at this time. Please let me know if there is anything you would like to discuss.

From: Sarah Harris
Sent: Friday, June 23, 2017 4:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Oops. Here's the attachment.

From: Sarah Harris
Sent: Friday, June 23, 2017 4:50 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Thanks, Lisa.
I've accepted your changes and cleaned up the draft. Based on Salman's comment, I've removed the question IESO regarding "medium" term vs short term advances.
As such, I only have one comment box left as an inquiry for IESO.
I cleaned up one typo, and the title on the Grid Note was in the wrong place.
Will – Would you please format the grid note to be on one page and resend to us.
Thanks,
Sarah

From: Lisa Stein

Sent: Friday, June 23, 2017 4:11 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Please see attached with a few additional tweaks. Please let me know if you would like to discuss further.
Thanks,
Lisa

From: Hanslep, Malle (MOF)
To: Sarah Harris
Cc: Kelly Listoe; Opal Kandelas
Subject: RE: Cryptic request - non-disclosure agreement
Date: Thursday, March 30, 2017 9:57:16 AM

Hi My 10 a.m. was cancelled so if you would like to give me a call earlier please do.

-----Original Message-----
From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: March 30, 2017 9:12 AM
To: Hanslep, Malle (MOF)
Cc: Listoe, Kelly (OFA); Kandelas, Opal (OFA)
Subject: RE: Cryptic request - non-disclosure agreement

Thank you, Malle.

I'll hopefully have a more complete picture after 11, and then hopefully we can find a sample that is a fairly close match.

Sarah

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, March 29, 2017 5:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Re: Cryptic request - non-disclosure agreement

Hi. We, do have sample non disclosure agreements that we have used for transactions ie providing info for persons to make bids for example. I am going to be at meetings from 9 to 11.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Sarah Harris
Sent: Wednesday, March 29, 2017 16:25
To: Hanslep, Malle (MOF)
Cc: Listoe, Kelly (OFA); Kandelas, Opal (OFA)
Subject: Cryptic request - non-disclosure agreement

Hi Malle,

This is just a heads-up that we have been requested by Mike Manning to draft a non-disclosure agreement for hiring a dealer to advise on certain pricing matters for Hydro. I have very little information and Opal is seeking more detail, but I have been told that this is needed ASAP.

I don't recall Documentation ever drafting such an agreement, but perhaps you have some experience.

I am copying Kelly, as he is just finding out now that I will be asking his assistance to work on this.

I'll touch base with you in the morning when I have more detail.

Thanks,
Sarah

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From: Sarah Harris
To: Malle Hanslep (MOF)
Cc: Kelly Listoe; Opal Kandelas
Subject: RE: Cryptic request - non-disclosure agreement
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From: Kelly Listoe
To: Sarah Harris
Subject: RE: Cryptic request - non-disclosure agreement
Date: Thursday, March 30, 2017 2:24:18 PM

Haha...here we go:
https://www.rocketlawyer.com/interview.rl/63145222?id=95&question=1

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Sarah Harris
Sent: Thursday, March 30, 2017 9:12 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
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From:	Sarah Harris
To:	Ken Kandeepan
Cc:	Salman Qadir; Opal Kandelas; Linda Smith
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:55:31 PM

Hi Ken,
It looks like Mike and Ron have addressed this, so please disregard this e-mail.
Apologies for any confusion.
Thanks,
Sarah

From: Sarah Harris
Sent: Thursday, May 11, 2017 12:45 PM
To: Ken Kandeepan
Cc: Salman Qadir ; Opal Kandelas ; Linda Smith
Subject: FW: DRAFT IESO FH credit letter

Hello Ken,
As you were a recipient on this original e-mail from Anthony Martinello at IESO, I thought I would run CMD and CEFD's comments by you so far. I understand from Salman that Ron will be providing some additional comments shortly.
Ken, do you have any comments on IESO's letter? IESO has requested a response by today.
Thanks,
Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 11:22 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah,
Attached is CEFD comments/markup. Was waiting for one last confirmation but might as well send this out to you to which you seemed to have incorporated already.
For your 2 comments, highlighted below, the first question we need confirmed from IESO is their requirement. We prefer to go the route of doing the FHP requirement separately as well, so we need confirmation on if the requirement is $1.5 billion or is there anything else they would have used the $975M one for. We may need to reduce the $975M one.
Would you have LRC dates for June/July? Just trying to see how the timelines would fit in. You had mentioned you may have a table with some dates, just so we can work backwards.
Thanks,
Salman

From: Sarah Harris
Sent: Thursday, May 11, 2017 11:16 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Thank you, Salman
I asked Mike Manning about the changing the draw period from the current 28-95 days, to 7-95 days, and he is fine with that change.

Mike also is fine with the proposed "interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum", as it exactly matches the rate on the current $975M facility.

Just so we agree on IESO's requested in terms of setting up the credit facility, is it also your understanding that IESO wishes to:

1) amend the $975M to allow for FHP draws and to reduce the draw period to 7-95 days, but the expiry date will remain unchanged at **December 31, 2019**, and;
2) have a new FHP exclusive facility for the requested additional $1,500M commitment expiring September 30, 2022, with the terms outlined in the letter.

Have you also received confirmation that OFA will be funding the new $1,500M commitment?

Thanks,

Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 10:15 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah,

I'll be getting some comments on the letter back to you shortly. Mostly likely the same ones we discussed and which you also had.

Salman

From: Sarah Harris
Sent: Tuesday, May 09, 2017 4:15 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter

Hello John,

I'm not sure if you've seen the attached letter as of yet. We have received this request from IESO to set-up a credit facility for IESO to borrow $1,500M to fund the Fair Hydro Program.

IESO indicates that they either wish to have the existing $975M credit facility between the OFA and IESO increased by $1,500M (incorporating their proposed provisions) or to have a separate $1,500M credit facility altogether. I'm aware that there have some discussions around this. Do you know if it has been decided if OFA or OEFC should provide this facility?

Thanks,

Sarah

5-8193

From: Opal Kandelas
Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>

Subject: FW: DRAFT IESO FH credit letter
Importance: High

As discussed.

Mike

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 09, 2017 10:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

See attached draft letter we hope to issue this week – for your comments (will appreciate by Thursday this week if any).

I did speak with Moody's on April 28 to obtain their feedback.

Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).

As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.

Regards.

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From:	Sarah Harris
To:	Salman Qadir
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 12:22:39 PM

Thanks very much, Salman.

From: Salman Qadir
Sent: Thursday, May 11, 2017 12:10 PM
To: Sarah Harris
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah.
Ron will send some additional comments/markup back to you folks.
Salman

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ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan~~rogram~~**

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Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter

Importance: High

As discussed.

Mike

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Tuesday, May 09, 2017 10:26 AM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

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From:	Sarah Harris
To:	Mike Manning
Cc:	Opal Kandelas; Linda Smith
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 10:56:24 AM

Thanks, Mike.
Sarah

From: Mike Manning
Sent: Thursday, May 11, 2017 10:47 AM
To: Sarah Harris
Cc: Opal Kandelas ; Linda Smith
Subject: RE: DRAFT IESO FH credit letter

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To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
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From:	Sarah Harris
To:	Mike Manning; Linda Smith
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:49:43 PM

Thank you.
Sarah

From: Mike Manning
Sent: Thursday, May 11, 2017 2:49 PM
To: Sarah Harris ; Linda Smith
Subject: FW: DRAFT IESO FH credit letter
For your info.
Mike

From: Ronald Kwan
Sent: Thursday, May 11, 2017 12:38 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter
Hi,
Following a call with Mike, I made some edits. I can send this back to Anthony.
Ron

From: Ronald Kwan
Sent: May-11-17 12:21
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter
Hi Mike, Ken,
Did you have comments on the letter? Staff here have made some initial comments. IESO wanted to issue this this week.
I think on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. Does that work for you?
Do the timelines and spread wording work for you?
Ron

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: May-09-17 10:26
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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From:	Sarah Harris
To:	Salman Qadir
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 10:18:46 AM

Thank you, Salman.

From: Salman Qadir
Sent: Thursday, May 11, 2017 10:15 AM
To: Sarah Harris
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah,

I'll be getting some comments on the letter back to you shortly. Mostly likely the same ones we discussed and which you also had.

Salman

From: Sarah Harris
Sent: Tuesday, May 09, 2017 4:15 PM
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Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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Importance: High

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From:	Sarah Harris
To:	Mike Manning
Cc:	Opal Kandelas; Linda Smith
Subject:	RE: DRAFT IESO FH credit letter
Date:	Wednesday, May 10, 2017 4:28:02 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft.docx

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To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

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Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Program**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the Fair Hydro program (FHP) to reduce electricity prices for consumers in the province. Legislation is expected to be introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority's (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's global adjustment smoothing for a period of several months if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's deferral of electricity prices period plus a few months of contingency (i.e. September 30, 2022);
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- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- $975 million: draws to permit for FHP purposes; and
- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is consistent usage of these facilities we will contact the OFA

for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Sarah Harris
To:	Mike Manning
Cc:	Opal Kandelas; Linda Smith
Subject:	RE: DRAFT IESO FH credit letter
Date:	Wednesday, May 10, 2017 4:28:02 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft.docx

Hi Mike,
I'm coordinating with John Kim on particulars of IESO's attached request, but would appreciate your input on the following:

1) IESO has requested "a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days." Currently the $975M OFA-IESO credit facility permits draws between 28 and 95 days. Is it acceptable to reduce the minimum amount to 7 days for the existing facility (to also be applied to the requested additional $1,500M commitment)?
2) IESO has requested the "interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum". The current $975M OFA-IESO Credit Facility provides for this same rate. Would this rate be acceptable on the requested additional $1,500M commitment?

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Sarah

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Sent: Tuesday, May 09, 2017 11:54 AM
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Subject: FW: DRAFT IESO FH credit letter
Importance: High

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$975 million: draws to permit for FHP purposes; and	FHP use of proceeds needs to fit s. 2.3 of Amending Agreement 8 (post amalgamation) to allow for draws under the current agreement. (1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Commented [SH1]: For now, just indicate when existing agreement expires and where it says that

Commented [SH2]: Could you please indicate what this section currently says.

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From:	Sarah Harris
To:	Mike Manning; Linda Smith
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:49:43 PM

Thank you.
Sarah

From: Mike Manning
Sent: Thursday, May 11, 2017 2:49 PM
To: Sarah Harris ; Linda Smith
Subject: FW: DRAFT IESO FH credit letter
For your info.
Mike

From: Ronald Kwan
Sent: Thursday, May 11, 2017 12:38 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter
Hi,
Following a call with Mike, I made some edits. I can send this back to Anthony.
Ron

From: Ronald Kwan
Sent: May-11-17 12:21
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter
Hi Mike, Ken,
Did you have comments on the letter? Staff here have made some initial comments. IESO wanted to issue this this week.
I think on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. Does that work for you?
Do the timelines and spread wording work for you?
Ron

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: May-09-17 10:26
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter
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I did speak with Moody's on April 28 to obtain their feedback.
Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).
As mentioned the current $975M supports the RPP today which will be transitioned to the new FH

going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.

Regards.

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From: Sarah Harris
To: William Tan
Subject: RE: DRAFT IESO FH credit letter
Date: Wednesday, May 10, 2017 1:01:44 PM
Attachments: FHP Comparison Table.docx

Hi Will,
Thanks for this. I've attached a couple of comments. Could you please update and resend.
Thanks,
Sarah

From: William Tan
Sent: Wednesday, May 10, 2017 12:01 PM
To: Sarah Harris
Subject: FW: DRAFT IESO FH credit letter

Hello Sarah,
Please find the FHP Comparison Table comparing FHP provisions against the updated IESO Credit Agreement.
Thanks,
Will

From: Sarah Harris
Sent: Tuesday, May 09, 2017 3:46 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter

Hi Will,
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This file is time sensitive, so I would need a draft by end of day tomorrow, please. If you need Andrea to assist with T-Bills and IO Loans tomorrow, please let me know. Your other projects can be put on the back burner.

Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

As discussed.
Mike

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Sent: Tuesday, May 09, 2017 10:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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From: William Tan
To: Sarah Harris
Subject: RE: DRAFT IESO FH credit letter
Date: Wednesday, May 10, 2017 8:16:12 AM

Good morning Sarah,
yes I will need help with t-bills this morning. OILC should be fine today as there are no deadlines for them.
Thanks,
Will

From: William Tan
Sent: Tuesday, May 09, 2017 4:14 PM
To: Sarah Harris
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah,
I am reading everything you sent me. I will have questions for you soon.

From: Sarah Harris
Sent: Tuesday, May 09, 2017 3:46 PM
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To:	Sarah Harris
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To:	Salman Qadir
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:18:09 PM

Thanks, Salman.

From: Salman Qadir
Sent: Thursday, May 11, 2017 2:14 PM
To: Sarah Harris
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah,
I was just told that Ron did get back to Anthony (IESO), with cc' to Ken as well…
Salman

From: Sarah Harris
Sent: Thursday, May 11, 2017 12:40 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Salman,
There is no word yet from Anna on the other dates from LRC as of yet. I'll let you know as soon as I find out.
I've included our two comments below into the attached draft.
I know you're waiting on Ron's comments. Since Ken K. was also a recipient of this letter, I'm just going run our existing comments by him since IESO has requested comments back today. I'll cc' you on what I'm sending to Ken.
Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 11:22 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah,
Attached is CEFD comments/markup. Was waiting for one last confirmation but might as well send this out to you to which you seemed to have incorporated already.
For your 2 comments, highlighted below, the first question we need confirmed from IESO is their requirement. We prefer to go the route of doing the FHP requirement separately as well, so we need confirmation on if the requirement is $1.5 billion or is there anything else they would have used the $975M one for. We may need to reduce the $975M one.
Would you have LRC dates for June/July? Just trying to see how the timelines would fit in. You had mentioned you may have a table with some dates, just so we can work backwards.
Thanks,
Salman

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Sent: Thursday, May 11, 2017 11:16 AM
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ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan~~rogram~~**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its inten~~s~~tion to implement the proposed Fair Hydro Plan~~program~~ (FHP) to reduce electricity prices for eligible consumers in the province. Proposed l~~L~~egislation ~~is expected to be~~was introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority~~'s~~ (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's spreading out of global adjustment costs~~smoothing~~ for a period of several months, if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's initial period of deferral of electricity prices~~, period~~ plus a few months of contingency (i.e., to September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 per cent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- Existing $975 million facility: draws to permit for FHP purposes until the credit agreement for FHP purposes has been made available; and

Commented [A1]: Please confirm that the requirement is $1.5 billion as it is preferred to keep the $975M separate from FHP.

Commented [A2]: It is preferred that a separate credit facility be set up for FHP purposes. OFA is working to obtain the appropriate approvals required. Option to use the existing facility may be exercised if timing does not permit putting in place a new credit facility.

Commented [A3]: This is rate is the same as in the existing $975M Credit Facility and is acceptable.

Commented [A4]: Overall, would it be better to purely separate out the FHP borrowing – so a larger than $1.5 bn new facility, and potentially shrink the existing $975 facility?

Commented [A5]: $975 million agreement is for purposes outlined under section 25.33 of the Electricity Act. Seems FHP would fall under that but legal to confirm. Either way, agreement purpose would need to be amended.

- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Commented [A6]: Agree that 28 minimum draw may be reduced to 7 days.

Should the IESO find that there is persistent~~consistent~~ usage of these facilities we will contact the OFA for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

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Importance: High

As discussed.
Mike

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 09, 2017 10:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

See attached draft letter we hope to issue this week – for your comments (will appreciate by

Thursday this week if any).
I did speak with Moody's on April 28 to obtain their feedback.
Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).
As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.
Regards.

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ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan~~rogram~~**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its inten~~s~~tion to implement the proposed Fair Hydro Plan~~program~~ (FHP) to reduce electricity prices for eligible consumers in the province. Proposed l~~L~~egislation ~~is expected to be~~was introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority~~'s~~ (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's spreading out of global adjustment costs~~smoothing~~ for a period of several months, if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's initial period of deferral of electricity prices~~, period~~ plus a few months of contingency (i.e., to September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 per cent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- Existing $975 million facility: draws to permit for FHP purposes until the credit agreement for FHP purposes has been made available; and

Commented [A1]: Please confirm that the requirement is $1.5 billion as it is preferred to keep the $975M separate from FHP.

Commented [A2]: It is preferred that a separate credit facility be set up for FHP purposes. OFA is working to obtain the appropriate approvals required. Option to use the existing facility may be exercised if timing does not permit putting in place a new credit facility.

Commented [A3]: This is rate is the same as in the existing $975M Credit Facility and is acceptable.

Commented [A4]: Overall, would it be better to purely separate out the FHP borrowing – so a larger than $1.5 bn new facility, and potentially shrink the existing $975 facility?

Commented [A5]: $975 million agreement is for purposes outlined under section 25.33 of the Electricity Act. Seems FHP would fall under that but legal to confirm. Either way, agreement purpose would need to be amended.

- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Commented [A6]: Agree that 28 minimum draw may be reduced to 7 days.

Should the IESO find that there is persistent~~consistent~~ usage of these facilities we will contact the OFA for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Sarah Harris
To:	Salman Qadir
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 12:22:39 PM

Thanks very much, Salman.

From: Salman Qadir
Sent: Thursday, May 11, 2017 12:10 PM
To: Sarah Harris
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah.
Ron will send some additional comments/markup back to you folks.
Salman

From: Sarah Harris
Sent: Thursday, May 11, 2017 11:16 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Thank you, Salman
I asked Mike Manning about the changing the draw period from the current 28-95 days, to 7-95 days, and he is fine with that change.
Mike also is fine with the proposed "interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum", as it exactly matches the rate on the current $975M facility.
Just so we agree on IESO's requested in terms of setting up the credit facility, is it also your understanding that IESO wishes to:

1) amend the $975M to allow for FHP draws and to reduce the draw period to 7-95 days, but the expiry date will remain unchanged at **December 31, 2019**, and;
2) have a new FHP exclusive facility for the requested additional $1,500M commitment expiring September 30, 2022, with the terms outlined in the letter.

Have you also received confirmation that OFA will be funding the new $1,500M commitment?
Thanks,
Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 10:15 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

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Salman

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Sent: Tuesday, May 09, 2017 4:15 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: FW: DRAFT IESO FH credit letter

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IESO indicates that they either wish to have the existing $975M credit facility between the OFA and IESO increased by $1,500M (incorporating their proposed provisions) or to have a separate $1,500M credit facility altogether. I'm aware that there have some discussions around this. Do you know if it has been decided if OFA or OEFC should provide this facility?

Thanks,

Sarah

5-8193

From: Opal Kandelas
Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

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From:	Sarah Harris
To:	Ken Kandeepan
Cc:	Salman Qadir; Opal Kandelas; Linda Smith
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:55:31 PM

Hi Ken,
It looks like Mike and Ron have addressed this, so please disregard this e-mail.
Apologies for any confusion.
Thanks,
Sarah

From: Sarah Harris
Sent: Thursday, May 11, 2017 12:45 PM
To: Ken Kandeepan
Cc: Salman Qadir ; Opal Kandelas ; Linda Smith
Subject: FW: DRAFT IESO FH credit letter

Hello Ken,
As you were a recipient on this original e-mail from Anthony Martinello at IESO, I thought I would run CMD and CEFD's comments by you so far. I understand from Salman that Ron will be providing some additional comments shortly.
Ken, do you have any comments on IESO's letter? IESO has requested a response by today.
Thanks,
Sarah

From: Salman Qadir
Sent: Thursday, May 11, 2017 11:22 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah,
Attached is CEFD comments/markup. Was waiting for one last confirmation but might as well send this out to you to which you seemed to have incorporated already.
For your 2 comments, highlighted below, the first question we need confirmed from IESO is their requirement. We prefer to go the route of doing the FHP requirement separately as well, so we need confirmation on if the requirement is $1.5 billion or is there anything else they would have used the $975M one for. We may need to reduce the $975M one.
Would you have LRC dates for June/July? Just trying to see how the timelines would fit in. You had mentioned you may have a table with some dates, just so we can work backwards.
Thanks,
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From:	Salman Qadir
To:	Sarah Harris; Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan
Subject:	RE: Directive IESO FHP 2017.docx
Date:	Wednesday, June 14, 2017 4:11:55 PM
Attachments:	Directive IESO FHP 2017 v3.docx

Hi all,
Apologies for another email. Please see attached clean copy, forgot one minor change.
Salman

From: Salman Qadir
Sent: Wednesday, June 14, 2017 3:28 PM
To: Sarah Harris ; Lisa Stein
Cc: Bruno Amara ; John Kim ; William Tan
Subject: RE: Directive IESO FHP 2017.docx
Hi all,
Thanks for the meeting today. Attached is a clean version of the directive. I don't we decided on whether we wanted the OIC mentioned in the directive, so I removed it for now since Ken was also of the view it was really not needed for this. Happy to add it back in if needed as I'm sure we may have at least another draft once we share this a little broader to senior management.
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Can we chat about this today, if needed? I'd like to get this completed as soon as possible.
Thanks,
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From: Salman Qadir
Sent: Tuesday, June 13, 2017 4:25 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: RE: Directive IESO FHP 2017.docx

Hi Lisa/all,

Thanks for this. I've provided some feedback and comments to some of the language in the directive. Hopefully you're okay with the changes. Might be worth discussing together if there are any remaining decision points on the language.

Salman

From: Lisa Stein

Sent: Tuesday, June 13, 2017 3:56 PM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

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Hi all, I have re-drafted the directive re: IESO OFA credit facility (attached, with comments). Please review and let me know if you would like to discuss further. I note that the draft directive requires that the credit agreement between the IESO and the OFA must contain terms and conditions consistent with the directive. It also refers to the draft OIC.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###, pursuant to which the Minister of Finance is authorized to lend a maximum of $2 billion.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: , 2017

Charles Sousa
Minister of Finance

DRAFT

From:	Salman Qadir
To:	Sarah Harris; Lisa Stein
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Sent: Tuesday, June 13, 2017 3:56 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: Directive IESO FHP 2017.docx

Hi all, I have re-drafted the directive re: IESO OFA credit facility (attached, with comments). Please review and let me know if you would like to discuss further. I note that the draft directive requires that the credit agreement between the IESO and the OFA must contain terms and conditions consistent with the directive. It also refers to the draft OIC.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###, pursuant to which the Minister of Finance is authorized to lend a maximum of $2 billion.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: , 2017

Charles Sousa
Minister of Finance

DRAFT

From:	Sarah Harris
To:	Salman Qadir; Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan
Subject:	RE: Directive IESO FHP 2017.docx
Date:	Wednesday, June 14, 2017 12:10:01 PM

That's a good idea. I'm available any time this afternoon before 4 p.m.
Sarah

From: Salman Qadir
Sent: Wednesday, June 14, 2017 12:07 PM
To: Lisa Stein
Cc: Bruno Amara ; John Kim ; William Tan ; Sarah Harris
Subject: RE: Directive IESO FHP 2017.docx

Hi all,
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Thanks,
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Sent: Tuesday, June 13, 2017 4:25 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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To:	Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan; Sarah Harris
Subject:	RE: Directive IESO FHP 2017.docx
Date:	Wednesday, June 14, 2017 12:06:43 PM

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To:	Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan; Sarah Harris
Subject:	RE: Directive IESO FHP 2017.docx
Date:	Tuesday, June 13, 2017 4:25:16 PM
Attachments:	Directive IESO FHP 2017 v2.docx

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DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

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The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

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Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

From:	Salman Qadir
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Cc:	Bruno Amara; John Kim; William Tan; Sarah Harris
Subject:	RE: Directive IESO FHP 2017.docx
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Attachments:	Directive IESO FHP 2017 v2.docx

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Subject:	RE: Directive IESO FHP 2017.docx
Date:	Wednesday, June 14, 2017 4:11:55 PM
Attachments:	Directive IESO FHP 2017 v3.docx

Hi all,
Apologies for another email. Please see attached clean copy, forgot one minor change.
Salman

From: Salman Qadir
Sent: Wednesday, June 14, 2017 3:28 PM
To: Sarah Harris ; Lisa Stein
Cc: Bruno Amara ; John Kim ; William Tan
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Hi all,
Thanks for the meeting today. Attached is a clean version of the directive. I don't we decided on whether we wanted the OIC mentioned in the directive, so I removed it for now since Ken was also of the view it was really not needed for this. Happy to add it back in if needed as I'm sure we may have at least another draft once we share this a little broader to senior management.
I also changed the font and made it two pages so that the signature page fits better.
Regards,
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In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###, pursuant to which the Minister of Finance is authorized to lend a maximum of $2 billion.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: , 2017

Charles Sousa
Minister of Finance

DRAFT

From:	Lisa Stein
To:	Kelly Listoe
Cc:	Sarah Harris
Subject:	RE: Draft Amending Agreements
Date:	Wednesday, April 26, 2017 1:38:38 PM

That's fine, I'll leave it as a placeholder. I briefly discussed it with him yesterday as well and I think we are on the same page.

From: Kelly Listoe
Sent: Wednesday, April 26, 2017 1:38 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: Draft Amending Agreements

I asked Victor to provide – isn't it best for them to tell us what they mean by it?

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Lisa Stein
Sent: Wednesday, April 26, 2017 1:37 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Draft Amending Agreements

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Hi Lisa

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Regards,

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From: Kelly Listoe
Sent: Tuesday, April 25, 2017 3:30 PM

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Subject: RE: Draft Amending Agreements

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From:	Kelly Listoe
To:	"Victor Buza"
Cc:	Sarah Harris
Subject:	RE: Draft Amending Agreements
Date:	Wednesday, April 26, 2017 11:19:55 AM
Attachments:	IESO Amending Agreement No 6 to change $90 M note OFA Legal Comments Doc(2).doc

Hi Victor

Please find attached a revised draft of the Note Amendment incorporating many of your comments. The dates have been changed back to May 1 as April 30 is a Sunday and therefore the repayment date would roll to May 1 in any event (please refer to Section 1.5 of the original agreement). Please review and let me know if it is acceptable at your earliest convenience.

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AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO ~~generally~~ for the purpose of funding new IESO capital expenditures, provided IESO is authorized to borrow funds for such purpose. ~~such purposes as IESO determines appropriate and for which purposes IESO is permitted to borrow funds~~.

Commented [LS1]: NTD: To be consistent with Directive

The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~April 30,~~May 1~~May 1,~~ 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~April 30,~~May 1~~May 1,~~ 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note and the additional $30 million advanced to IESO pursuant to section 1a.1 of this Agreement, for a total aggregate principal amount of $120 million.

Section 2.17 Interest on Fifth Refinancing Note

Interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments

on June 30 and December 31(each an “Interest Payment Date”), provided however that the amount of the first such interest payment for the Fifth Refinancing Note shall be calculated in respect only of the period from and including ~~April 30,~~May 1~~May 1,~~ 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**”**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to “this Agreement” and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either “the Note” or “the New Note” and each reference to either “the Note” or “the New Note” in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This amending agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This amending agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Principal Amount: $120 million Date: April 30, 2017
Interest Rate: (Province of Ontario's cost of borrowing for the period from ~~April 30,~~May 1~~May 1,~~ 2017 to June 30, 2020 + 50 basis points)
Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from ~~April 30~~May 1~~May 1,~~ 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
~~**SYSTEM OPERATOR**~~

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	Lisa Stein
To:	Kelly Listoe
Cc:	Sarah Harris
Subject:	RE: Draft Amending Agreements
Date:	Wednesday, April 26, 2017 1:38:38 PM

That's fine, I'll leave it as a placeholder. I briefly discussed it with him yesterday as well and I think we are on the same page.

From: Kelly Listoe
Sent: Wednesday, April 26, 2017 1:38 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: Draft Amending Agreements

I asked Victor to provide – isn't it best for them to tell us what they mean by it?

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Lisa Stein
Sent: Wednesday, April 26, 2017 1:37 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Draft Amending Agreements

We still require a definition of "Ontario's Fair Hydro Plan". Would you like to provide one or should I leave it as a note for IESO?

From: Kelly Listoe
Sent: Wednesday, April 26, 2017 1:35 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Draft Amending Agreements

Hi Lisa

This is the last version of the RCL that was sent to IESO yesterday.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Kelly Listoe
Sent: Tuesday, April 25, 2017 3:30 PM

To: 'Victor Buza' <Victor.Buza@ieso.ca>
Subject: RE: Draft Amending Agreements

Hi Victor

Attached is a revised draft of the revolving facility amendment incorporating our legal department comments. Please review and provide suggested definitions pursuant to Lisa Stein's comments, which are self explanatory. Other than that, your suggestions have been accepted.

A new form of borrowing notice is attached as well.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, April 24, 2017 4:45 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Draft Amending Agreements

Hi Kelly. Anthony asked me to assist with finalizing the draft amending agreements you forwarded for the operating and note facilities maturing this month.

Attached are marked-up versions of these amending agreements indicating our proposed revisions to the agreements. Please feel free to contact me if you have any questions concerning the attached documents.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 12, 2017 11:05 AM
To: Anthony Martinello
Subject: Draft Amending Agreements

Hi Anthony:

Please find attached the draft agreements for the operating and note facilities maturing at month end.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets

Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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From:	Mike Manning
To:	Sarah Harris
Cc:	Opal Kandelas
Subject:	RE: Draft Non-disclosure Agreement
Date:	Wednesday, April 05, 2017 1:05:42 PM

Thanks Sarah, much appreciated.
Mike

From: Sarah Harris
Sent: Wednesday, April 05, 2017 12:51 PM
To: Mike Manning
Cc: Opal Kandelas
Subject: Draft Non-disclosure Agreement

Hello Mike,

Per your conversation with Opal, attached is a form of Non-Disclosure Agreement that can be sent to Ministry of Energy for their consideration.

You may note to MOE that the agreement may still require some additional detail, and that we have highlighted for them on the first page of the draft a number of issues that they may want to consider incorporating, including the clarification of the scope services provided and any relevant conflicts of interest. They may also want to consider entering into a separate agreement for advisory services, as discussed on the first page of the draft.

Thanks,
Sarah

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Carlos Yep
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 21, 2017 9:15:19 AM
Attachments:	image001.png

Hi William,

The answer to your question is yes. I will leave the interest rate language as is in the draft agreement – it is a reasonable description of the interest rate setting process that you have described.

Lisa

From: William Tan
Sent: Tuesday, June 20, 2017 12:09 PM
To: Lisa Stein
Cc: Sarah Harris ; Carlos Yep
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Regarding:

"The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility".

I discussed the wording in Section 3.4 (2) with Carlos. Currently there is a system limitation that only allows Trading to select a 1 month and a 3 month cost of funds and as an operational decision not to use linear interpolation. In light of these operational limitations Carlos is of the view that the current wording in Section 3.4 (2) below is satisfactory.

Let me know if you have any additional concerns.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 20, 2017 10:31 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

I don't believe you've addressed my question. I've sent you a new version with green highlighting which focuses on the term. Please speak to Carlos as discussed.

From: William Tan
Sent: Tuesday, June 20, 2017 10:17 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

I've reviewed 5 agreements and they all seem to generally to be worded similarly or a variation of the same meaning. Let me know if you require more information.

"All such costs, charges and expenses shall bear interest at the Province's cost of funds (plus any applicable spread as determined by the Ontario Financing Authority)"

From: Lisa Stein
Sent: Monday, June 19, 2017 2:45 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Importance: High

Hi William,

Can you please confirm the exact process for determining the rate? Is it interpolation? Do you have precedent agreements with such language? Or perhaps MOF Legal might have some precedents.

Thank you,

Lisa

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:

Section 3.4 Interest on Advances.

To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
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Thanks,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 12:03:43 PM
Attachments:	image001.png

Thanks Sarah. I didn't realize you were reviewing the agreement at the same time. Are those the only changes? I'll have to track them into my version. I've also amended the recitals.

From: Sarah Harris
Sent: Tuesday, June 20, 2017 12:02 PM
To: William Tan ; Lisa Stein
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

HI Will and Lisa,

In looking at the draft Directive, I noted that the purpose of the credit facility is to provide "**short to medium** term financing related to the OFHP". Given these parameters, I thought it appropriate to remove the reference to "short-term" credit facility in the agreement, and to just call it a credit facility.

I've also made the following amendments:

- I've shortened the recitals.
- For consistency, I've gone the through the document, and added "the" in front of IESO where it was missing. I've done the same thing for "OFA."
- I've changed some reference from the "Province" to the "OFA" under section 2.9 and in the definition of Credit Facility.

Thanks,
Sarah

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
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Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Question:

Section 3.4 Interest on Advances.

To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,
Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
Please find the compared version attached.
Thanks,
Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,
I have revised the recitals. I hope this is more in line with what you are looking for.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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From: William Tan
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To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
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We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

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Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	William Tan; Lisa Stein
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 12:01:43 PM
Attachments:	image001.png OFHP_IESO_OFA Credit Agreement (DRAFT) v4.doc

HI Will and Lisa,

In looking at the draft Directive, I noted that the purpose of the credit facility is to provide "**short to medium** term financing related to the OFHP". Given these parameters, I thought it appropriate to remove the reference to "short-term" credit facility in the agreement, and to just call it a credit facility.

I've also made the following amendments:

- I've shortened the recitals.
- For consistency, I've gone the through the document, and added "the" in front of IESO where it was missing. I've done the same thing for "OFA."
- I've changed some reference from the "Province" to the "OFA" under section 2.9 and in the definition of Credit Facility.

Thanks,

Sarah

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

As Lender

~~**SHORT TERM**~~
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

~~**WHEREAS**~~ The IESO has requested a ~~short term~~ revolving credit facility from the OFA ~~f~~in the principal amount of up to $2,000,000,000 ~~or the purpose of its funding from the OFA~~ to support the IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017 (the "OFHP"). The OFA has agreed to provide such a revolving credit facility to the IESO on the terms and conditions set out herein.

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Ddefault" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Note" means the notes of the IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short-Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Commented [WT1]: Salman and Lisa, please comment if this regulation still applies?

Commented [WT2]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the ~~Short Term~~ Credit Facility outstanding shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no repayment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province~~ OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province~~ OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT3]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 The IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify the OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by the OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a ~~d~~Default or Event of Default and for any reasonable loss or expense incurred by the OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 The -OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its

property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE IESO

Section 6.1 Representations and Warranties of the IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF THE IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director and Chief Investment Officer– Capital Markets Division
Telephone: (416) 325-8930
Telecopier: (416) 325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Commented [SH5]: Wil: Please confirm if this s, should be the Funding Desk or Cash Management, give the new changes with OLMS..

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "Company"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Line of Credit Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	William Tan; Lisa Stein
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 12:01:43 PM
Attachments:	image001.png OFHP_IESO_OFA Credit Agreement (DRAFT) v4.doc

HI Will and Lisa,

In looking at the draft Directive, I noted that the purpose of the credit facility is to provide "**short to medium** term financing related to the OFHP". Given these parameters, I thought it appropriate to remove the reference to "short-term" credit facility in the agreement, and to just call it a credit facility.

I've also made the following amendments:

- I've shortened the recitals.
- For consistency, I've gone the through the document, and added "the" in front of IESO where it was missing. I've done the same thing for "OFA."
- I've changed some reference from the "Province" to the "OFA" under section 2.9 and in the definition of Credit Facility.

Thanks,

Sarah

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:

Section 3.4 Interest on Advances.

To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,
Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
Please find the compared version attached.
Thanks,
Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,
Can you also please create a compare with the agreement that you based this on so that I can see the changes?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,
I have revised the recitals. I hope this is more in line with what you are looking for.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,
I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

As Lender

~~**SHORT TERM**~~
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

~~**WHEREAS**~~ The IESO has requested a ~~short term~~ revolving credit facility from the OFA ~~f~~in the principal amount of up to $2,000,000,000 ~~or the purpose of its funding from the OFA~~ to support the IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017 (the "OFHP"). The OFA has agreed to provide such a revolving credit facility to the IESO on the terms and conditions set out herein.

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Ddefault" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Note" means the notes of the IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short-Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Commented [WT1]: Salman and Lisa, please comment if this regulation still applies?

Commented [WT2]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the ~~Short Term~~ Credit Facility outstanding shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no repayment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province~~ OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province~~ OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT3]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 The IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify the OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by the OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a ~~d~~Default or Event of Default and for any reasonable loss or expense incurred by the OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 The -OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its

property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE IESO

Section 6.1 Representations and Warranties of the IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF THE IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director and Chief Investment Officer– Capital Markets Division
Telephone: (416) 325-8930
Telecopier: (416) 325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Commented [SH5]: Wil: Please confirm if this s, should be the Funding Desk or Cash Management, give the new changes with OLMS..

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "Company"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Line of Credit Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 10:31:21 AM
Attachments:	image001.png

I don't believe you've addressed my question. I've sent you a new version with green highlighting which focuses on the term. Please speak to Carlos as discussed.

From: William Tan
Sent: Tuesday, June 20, 2017 10:17 AM
To: Lisa Stein
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

I've reviewed 5 agreements and they all seem to generally to be worded similarly or a variation of the same meaning. Let me know if you require more information.

"All such costs, charges and expenses shall bear interest at the Province's cost of funds (plus any applicable spread as determined by the Ontario Financing Authority)"

From: Lisa Stein
Sent: Monday, June 19, 2017 2:45 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Importance: High

Hi William,

Can you please confirm the exact process for determining the rate? Is it interpolation? Do you have precedent agreements with such language? Or perhaps MOF Legal might have some precedents.

Thank you,

Lisa

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:

Section 3.4 Interest on Advances.

To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,
Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
Please find the compared version attached.
Thanks,
Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,
Can you also please create a compare with the agreement that you based this on so that I can see the changes?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,
I have revised the recitals. I hope this is more in line with what you are looking for.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,
I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hello Lisa,
Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).
Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
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Importance: High

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Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 19, 2017 2:44:41 PM
Attachments:	image001.png
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Date:	Tuesday, June 20, 2017 3:44:01 PM
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Sent: Tuesday, June 20, 2017 12:18 PM
To: Lisa Stein ; William Tan
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Hi Lisa,

How about once you finish your mark-up, I can incorporate any outstanding changes below into it.

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Thanks Sarah. I didn't realize you were reviewing the agreement at the same time. Are those the only changes? I'll have to track them into my version. I've also amended the recitals.

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HI Will and Lisa,

In looking at the draft Directive, I noted that the purpose of the credit facility is to provide "**short to medium** term financing related to the OFHP". Given these parameters, I thought it appropriate to remove the reference to "short-term" credit facility in the agreement, and to just call it a credit facility.

I've also made the following amendments:

- I've shortened the recitals.
- For consistency, I've gone the through the document, and added "the" in front of IESO where it was missing. I've done the same thing for "OFA."
- I've changed some reference from the "Province" to the "OFA" under section 2.9 and in the definition of Credit Facility.

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To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Good morning Lisa,
I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,
I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,
Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).
Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 14, 2017 10:26:50 AM
Attachments:	compared version FHP IESO OFA Credit Agreement (draft).docx

Hi Lisa,
Please find the compared version attached.
Thanks,
Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan
Cc: Sarah Harris
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi William,
Can you also please create a compare with the agreement that you based this on so that I can see the changes?
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Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties") **(the "OFA")**

RECITALS:

WHEREAS: The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund a short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") in an aggregate principal amount of up to CAD $2,000,000,000.00.

The following terms and conditions shall apply in respect of the Line of Credit:

The Line of Credit shall be made from OFA for the purpose of providing IESO financing of short to medium term funding shortfallsits funding from the OFA to support the IESO's role in the implementation of, and its participation in, the *Ontario Fair Hydro Plan Act, 2017*. (the "OFHP").

A Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.

The OFA will charge interest on the Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to

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~~time.~~

~~The Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this~~ **AND WHEREAS** pursuant to Directive ~~and to be entered~~(·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into ~~by~~a credit facility agreement provided that the ~~IESO and the OFA.~~

~~Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to make loans to the OFA and to determine the~~maximum principle amount ~~of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined~~ that ~~for the Loan made~~ may be outstanding at any time under the authority ~~of this~~ Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE ~~, the amount of the spread retained by the OFA shall be equal twenty-five (25) basis points.~~in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

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ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current

construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date

contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT2]: Question for Lisa, other agreements stop taking advances one month before the agreement is set to expire. Since FHP has a 7 day minimum advancement should this be moved upto September 23, 2022?

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the

outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will

be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during

the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH3]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other

covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and

empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein,

applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCPAL BALANCE	NOTATION MADE BY

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 14, 2017 10:26:50 AM
Attachments:	compared version FHP IESO OFA Credit Agreement (draft).docx

Hi Lisa,
Please find the compared version attached.
Thanks,
Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan
Cc: Sarah Harris
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi William,
Can you also please create a compare with the agreement that you based this on so that I can see the changes?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Good morning Lisa,
I have revised the recitals. I hope this is more in line with what you are looking for.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hi William,
I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties") **(the "OFA")**

RECITALS:

WHEREAS: The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund a short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") in an aggregate principal amount of up to CAD $2,000,000,000.00.

The following terms and conditions shall apply in respect of the Line of Credit:

The Line of Credit shall be made from OFA for the purpose of providing IESO financing of short to medium term funding shortfallsits funding from the OFA to support the IESO's role in the implementation of, and its participation in, the *Ontario Fair Hydro Plan Act, 2017*. (the "OFHP").

A Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.

The OFA will charge interest on the Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to

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~~time.~~

~~The Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this~~ **AND WHEREAS** pursuant to Directive ~~and to be entered~~(·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into ~~by~~a credit facility agreement provided that the ~~IESO and the OFA.~~

~~Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to make loans to the OFA and to determine the~~maximum principle amount ~~of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined~~ that ~~for the Loan made~~ may be outstanding at any time under the authority ~~of this~~ Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE ~~, the amount of the spread retained by the OFA shall be equal twenty-five (25) basis points.~~in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

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ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current

construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date

contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT2]: Question for Lisa, other agreements stop taking advances one month before the agreement is set to expire. Since FHP has a 7 day minimum advancement should this be moved upto September 23, 2022?

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the

outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will

be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during

the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH3]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other

covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and

empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein,

applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

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(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCPAL BALANCE	NOTATION MADE BY

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 14, 2017 10:04:45 AM

Hi William,
Can you also please create a compare with the agreement that you based this on so that I can see the changes?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein
Cc: Sarah Harris
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I have revised the recitals. I hope this is more in line with what you are looking for.
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Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 12, 2017 3:46:25 PM
Attachments:	OFA-OPA Original Credit Agreement.pdf Amendment No. 1.pdf Amending Agmt No. 2 to Note Agmt.pdf (Signed) Amendment 3.Final.pdf (Signed) Amendment 4.Final.pdf (Signed) Amendment 5.Final.pdf Amendmen #6 (Executed).pdf Amending Agreement No 7 (Execution Copy).pdf OFA-OPA Amending Agreement No. 8 (Executed).pdf OPA IESO Amendment No 9 (Executed).pdf

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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. **ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998*** (the "**OPA**")

B. **ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993*** (the "**OFA**").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of 1 month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice"**) shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7

GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn Lawrence
Authorized Signing Officer

and: _____
Name: Rick Jennings
Authorized Signing Officer

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman
Title: Chief Executive Officer

SCHEDULE 1
FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is _____;
(c) The Repayment Date of the Proposed Advance is _____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority ("**OFA**")
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____;

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert] between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY

ONTARIO POWER AUTHORITY

175 Bloor Street East, North Tower, Suite 606, Toronto, Ontario M4W 3R8

February 14, 2005

Mr. Gadi Mayman
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto On M7A 1Y7

Dear Sir:

Re: Modification to Clause 4.7 of OPA Credit Facility – Substituting "Agreement" for "Services"

I write with respect to clause 4.7 of the Credit Agreement (the "Agreement") made between the Ontario Power Authority (the "OPA") and the Ontario Financing Authority (the "OFA"), dated January 1, 2005, and the requirement that the language contained therein be modified to better reflect the true intent of the parties to the Agreement.

By evidence of the signatures of the two parties to that Agreement on the face of this letter, the parties hereby consent and agree to amend clause 4.7 on page 12 of the Agreement by substituting the word "Agreement" for the word "Services" in the third line of that clause.

By their signatures the parties further agree that this letter shall be the sole notification to each and every party of the above-noted change and that such change shall take effect as of the date of that Agreement.

Sincerely,

Jan Carr
Chief Executive Officer
Ontario Power Authority

Rosalyn Lawrence
Director, Ontario Power Authority

Gadi Mayman
Chief Executive Officer,
Ontario Financing Authority

AMENDING AGREEMENT NO. 2 TO NOTE AGREEMENT

THIS AGREEMENT is made as of April 23, 2009 between:

A. INDEPENDENT ELECTRICITY SYSTEM OPERATOR, (the "Company")

B. ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

RECITALS:

1. Pursuant to section 116 of the *Electricity Act, 1998*, the Lieutenant Governor in Council made an order ("Transfer Order") transferring certain officers, employees, assets, liabilities, rights and obligations of Ontario Hydro to the Company;

2. Pursuant to the Transfer Order, the Company and OEFC entered into an agreement dated April 1, 1999 ("Note Agreement") under which the Company issued a note in the amount of $70.3 million ("Initial Note") to OEFC in partial payment for the assets and rights described above;

3. The Company and OEFC entered into an amending agreement dated March 23, 2000 (which together with the Note Agreement is referred to in this amending agreement as the "Amended Note Agreement") to provide for the issuance of a new note ("Existing Note") in the amount of $78.2 million in replacement for the Initial Note;

4. The Company was continued under the name Independent Electricity System Operator pursuant to subsection 4(1) of the Electricity Act, 1998 effective January 1, 2005;

5. The Minister of Finance has directed OEFC to extend the term of the loan from May 1, 2009 to May 1, 2011.

6. The parties wish to further amend the Amended Note Agreement.

NOW THEREFORE, in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

1. **Defined Terms.**
Capitalized terms used in this amending agreement and not otherwise defined herein have the meanings specified in the Amended Note Agreement;

2. **Amendment to Article 2 of the Amended Note Agreement.**

The following sections are added after Section 2.6.

2.7 **Refinancing Note**

On May 1, 2009, the Company shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule 2.7 (the "Refinancing Note") which shall be in an aggregate principal amount equal to $78.2 million, dated as of May 1, 2009 and maturing on May 1, 2011 and bearing interest at a per annum rate equal to the yield earned on ninety day Province of Ontario treasury bills as determined by the OEFC, plus 25 basis points (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Refinancing Note by OEFC, the Existing Note shall be of no further force or effect and shall be returned by OEFC to the Company marked "cancelled".

2.8 **Interest on Refinancing Note**

From May 1, 2009 to April 30, 2011, interest on the Refinancing Note at the rate specified in Section 2.7 shall accrue daily and shall be payable in quarterly installments on February 1, May 1, August 1 and November 1 in each year (each an "Interest Payment Date"), with the first such payment for the Refinancing Note to be made for the period from and including May 1, 2009 to but excluding August 1, 2009.

The interest rate on the Refinancing Note shall be reset automatically by the OEFC on the first business day of each quarter from and including May 1, 2009, to but excluding May 1, 2011 (each, an "Interest Reset Date"), at the interest rate equal to the yield earned on ninety-day Province of Ontario treasury bills on each Interest Reset Date as determined by the OEFC, plus 25 basis points

OEFC will provide the Company with written notice by email of the interest rate, date of interest payment and the interest payment amount due, as soon as possible after its determination, but in no event later than five business days following each Interest Reset Date.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

2.9 Prepayment on Refinancing Note

The Company may, prepay all or part of the Refinancing Note subject to the following restrictions in respect of each said prepayment:

(a) the prepayment shall be in a multiple of $5 million;
(b) the prepayment shall be made on an Interest Payment Date;
(c) the Company shall give irrevocable written notice substantially in the form attached as Schedule 2.9 (a "Notice of Prepayment") to OEFC of the amount of the prepayment at least fifteen (15) Business Days before the date on which the prepayment shall be made.

3. **Reference to and Effect on the Amended Note Agreement.** On and after this date, each reference in the Amended Note Agreement to "this Agreement" and each reference to the Amended Note Agreement in any and all other agreements, documents and instruments delivered by the Company and OEFC shall mean and be a reference to the Amended Note Agreement as amended by this amending agreement. Except as specifically amended by this amending agreement, the Amended Note Agreement shall remain in full force and effect.

4. **No Waiver.** The execution, delivery and effectiveness of this amending agreement shall not, except as expressly provided herein, constitute a waiver of any provision of the Amended Note Agreement.

5. **Governing Law.** This amending agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

6. **Counterparts.** This amending agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this amending agreement.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: Gary Hurkey
CFO.

~~By:~~ _____

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____
Michael Manning
Executive Director

~~By:~~ _____

SCHEDULE 2.7
FORM OF REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Principal Amount:	$78.2 million	Date: May 1, 2009
Interest Rate:	A variable rate of interest equal to the yield earned on ninety day Province of Ontario Treasury Bills, as determined by the Lender, plus 25 basis points	
Due:	May 1, 2011	

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("Company") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $78.2 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

OEFC shall and is unconditionally and absolutely authorized and directed by the Company to record on the grid attached hereto the date and amount of each prepayment on account of the principal paid to OEFC and the resulting outstanding principal amount of this Note provided that such prepayment is made on an Interest Payment Date (as defined below) and in accordance with the terms of the Agreement as amended (as defined below). Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such prepayments.

The outstanding principal amount of this Note together with all interest accrued thereon shall become due and payable on May 1, 2011.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the yield earned on ninety-day Province of Ontario treasury bills , as determined by OEFC, plus 25 basis points. Interest at such rate shall accrue daily and shall be payable in arrears in quarterly installments on February 1, May 1, August 1 and November 1 in each year (each an "Interest Payment Date") commencing August 1, 2009.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the Company and OEFC ("Agreement") and amended by an amending agreement dated March 23, 2000 and an amending agreement dated April 23, 2009, which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICITY
SYSTEM OPERATOR

By: _____

By: _____

Amending Agreement #2 in Respect of Agreement Providing For Issuance of a Note
dated April 23, 2009

DATE	PRINCIPAL ADVANCED ($)	DATE OF EACH PREPAYMENT	AMOUNT OF EACH PREPAYMENT	OUTSTANDING PRINCIPAL AMOUNT ($)	Notation Made By
May 1, 2009	78,200,000			78,200,000	
-	-	-	-	-	-

Schedule 2.9

PREPAYMENT NOTICE

To: OEFC
c/o Ontario Financing Authority
Attention: Manager, Electricity and Nuclear Fund

Fax: (416) 325-8111

From: Independent Electricity System Operator
Treasury Department, Finance

Date: _____

Reference is made to the Note Agreement made between the Independent Electricity System Operator as borrower (the "Company"), and OEFC as lender dated as of April 1, 1999, as amended by agreement as of March 23, 2000 and April 23, 2009 (collectively the "Note Agreement"). Unless otherwise defined herein, all terms used in this notice with initial capital letters (other than for grammatical purposes) shall have the respective meanings ascribed thereto in the Note Agreement.

Pursuant to section 2.9 of the Note Agreement, the Company hereby gives notice to OEFC that the Company will make a prepayment on account of the principal amount of Refinancing Note as follows:

amount of prepayment: _____

date of prepayment: _____

DATED this _____ day of _____, _____.

Yours very truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Title: _____

AMENDING AGREEMENT NO.3

This Amending Agreement made as of the 11th day of October, 2005.

BETWEEN: **ONTARIO POWER AUTHORITY** a corporation established under the *Electricity Act, 1998* (the **"OPA"**)

AND: **ONTARIO FINANCING AUTHORITY** a Crown agency established under the *Capital Investment Plan Act, 1993* (the **"OFA"**)

WHEREAS the OPA and the OFA entered into a credit agreement dated January 1, 2005, as amended by an Amending Agreement dated February 14, 2005 (together the "Credit Agreement") pursuant to which the OFA has agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the grid note is $386,034,687.25;

AND WHEREAS the OPA and the OFA have now agreed to increase the operating facility to a principal amount of up to $975,000,000;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. The definition of Commitment in Section 1.1 of the Credit Agreement is amended by deleting "$500 million" and substituting "$975,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the OPA shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $975,000,000 substantially in the form attached to this Amending Agreement and indicating a total principal amount of advances outstanding to date of $386,034,687.25 Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid promissory note to the OPA.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

by: Gadi

Name: Gadi Mayman

Title: Chief Executive Officer

ONTARIO POWER AUTHORITY

by: MERichardson

Name: MARY ELLEN RICHARDSON

Title VP, CORPORATE AFFAIRS
ACTING CHIEF EXECUTIVE OFFICER

By: _____

Name:

Title

AMENDING AGREEMENT NO.4

This Amending Agreement made as of the 27th day of September, 2006.

BETWEEN: **ONTARIO POWER AUTHORITY** a corporation established under the *Electricity Act, 1998* (the **"OPA"**)

AND: **ONTARIO FINANCING AUTHORITY** a Crown agency established under the *Capital Investment Plan Act, 1993* (the **"OFA"**)

WHEREAS the OPA and the OFA entered into a credit agreement dated January 1, 2005, as amended by an Amending Agreement dated February 14, 2005 and Amending Agreement NO.3 dated October 11, 2005 (together the "Credit Agreement") pursuant to which the OFA has agreed to provide a revolving operating facility to the OPA in the principal amount of up to $975 million and the OPA issued a grid note dated October 12, 2005 to the OFA for a principal amount of up to $975 million;

AND WHEREAS the OPA and the OFA have now agreed to extend the mandatory repayment date for the operating facility from December 31, 2006 to December 31, 2010;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. Section 2.4 of the Credit Agreement is amended by deleting "December 31, 2006" and substituting "December 31, 2010" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the OPA shall execute and deliver to the OFA a new grid promissory note substantially in the form attached to this Amending Agreement and indicating a total principal amount of advances outstanding to date of $237,677,910.71. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid promissory note to the OPA.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman

Title: Chief Executive Officer

ONTARIO POWER AUTHORITY ~~AUTHORITY~~

by: _____

Name: JAN CARR

Title CEO

by: _____

Name: John STEEN

Title Director of Finance

AMENDING AGREEMENT NO.5

This Amending Agreement made as of the 13th day of July 2007.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3") and September 27, 2006 (titled, "Amending Agreement No. 4") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 3.1 of the Agreement is hereby amended by deleting the date "November 30, 2006" substituting therefor the date "November 30, 2010".
2. Section 5.1(b) of the Agreement is hereby amended by deleting the date "December 31, 2006" and substituting therefor the date "December 31, 2010".

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Gadi Mayman
Title: Chief Excecutive Officer

ONTARIO POWER AUTHORITY

Per: _____
Name: Jan Carr
Title: Chief Executive Officer

AMENDING AGREEMENT NO.6

This Amending Agreement made as of the 9th day of November 2010.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4") and July 13, 2007 (titled, "Amending Agreement No.5") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2013."

2. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2013."

3. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2013;"

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Gadi Mayman
Title: Chief Executive Officer

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

AMENDING AGREEMENT NO.7

This Amending Agreement made as of the 20th day of December 2013.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA"**)

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5") and November 9, 2010 (titled, "Amending Agreement No. 6") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The first sentence of the Recital in the Agreement is deleted and replaced by the following:

   "The OPA has requested an operating line of credit from the OFA in the amount of $975 million and the OFA has agreed to provide such a line of credit to the OPA."

2. Section 2.3 of the Agreement is deleted and replaced by the following:

   "The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

   (1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

   (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

3. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2016."

4. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2016."

5. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2016;"

6. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

7. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

8. Schedule 3 of the Agreement, OPA Grid Note, is deleted and replaced by the OPA Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

SCHEDULE 1 TO AMENDING AGREEMENT NO.7

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [not more than 3 months after the date of the Proposed Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2 TO AMENDING AGREEMENT NO. 7

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principle amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 7

SCHEDULE 3

ONTARIO POWER AUTHORITY GRID NOTE

Principal Amount: Up to $975,000,000 Date:

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

ONTARIO POWER AUTHORITY

By:_____
Colin Andersen
Chief Executive Officer

By:_____
Kimberly Marshall
Vice President, Business Strategies & Solutions

AMENDING AGREEMENT NO. 8

This Amending Agreement made as of the 19th day of December 2014.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricity Act, 1998* ("**OPA**")
(as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")
(as Lender)

WHEREAS the parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6") and December 20, 2013 (titled, "Amending Agreement No. 7") the parties amended the Original Agreement (as so amended, the "Agreement").

AND WHEREAS OPA and OFA now wish to further amend the Agreement in anticipation of the amalgamation, effective January 1, 2015, of the OPA and the Independent Electricity System Operator to continue as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014.*") which received Royal Assent on July 24, 2014.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement (including in the recitals to this Amending Agreement) have the respective meanings given to those terms in the Agreement, and the following terms shall have the meanings assigned to them below:

   (a) "Act" means *Building Opportunity and Securing Our Future Act (Budget Measures), 2014* (S.O. 2014 c.7), as amended;

   (b) "Amalgamation" means the amalgamation of the OPA and Pre-Amalgamation IESO effective January 1, 2015 to continue as a corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" pursuant to Schedule 7 of the Act;

(c) "Amending Agreement" means this Amending Agreement No. 8;

(d) "Electricity Act" means the *Electricity Act, 1998* (S.O. 1998. c. 15), as amended;

(e) "New IESO" means the corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" continued upon the Amalgamation;

(f) "OPA" means the Ontario Power Authority, which will, upon the Amalgamation, amalgamate with Pre-Amalgamation IESO to continue as New IESO;

(g) "Pre-Amalgamation IESO" means the Independent Electricity System Operator, which will, upon the Amalgamation, amalgamate with the OPA to continue as New IESO; and

(h) "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2. Section 2.3 Use of Proceeds - of the Agreement is deleted and replaced by the following:

Up to the effective time of the Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

3. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

4. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

5. The OPA agrees New IESO shall deliver to OFA a certificate of an officer of New IESO, in form satisfactory to OFA, certifying, as at the effective time of the Amalgamation:

(i) that: (A) all the representations and warranties of New IESO in this Agreement (as amended) are true and correct and (B) no default or Event of Default shall have occurred or be continuing and no event or condition shall have occurred which, with the lapse of time or the giving of notice or both, would constitute an Event of Default; and

(ii) as to incumbency of the officers and directors of New IESO.

6. As soon as reasonably possible following the Amalgamation, but in any event by no later than March 31, 2015, New IESO shall execute and deliver to the OFA a confirmation of New IESO's assumption of the Agreement, as amended by this Amending Agreement, and of the OPA Grid Note, in form satisfactory to OFA, together with a certificate of incumbency in respect of the officers of New IESO.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Kimberly Marshall
Title: VP, Corporate Services; CFO and Treasurer

SCHEDULE 1 TO AMENDING AGREEMENT NO. 8

FORM OF BORROWING NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA") refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [not more than 3 months after the date of the Proposed Advance.]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for the following purposes:

(1) *<indicate amount and purpose of funds requested>*
(2) *<indicate amount and purpose of funds requested>*

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Borrowing Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 1), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

SCHEDULE 2 TO AMENDING AGREEMENT NO. 8

FORM OF ELECTION NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refers to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Election Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 2), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 12, 2017 3:46:25 PM
Attachments:	OFA-OPA Original Credit Agreement.pdf Amendment No. 1.pdf Amending Agmt No. 2 to Note Agmt.pdf (Signed) Amendment 3.Final.pdf (Signed) Amendment 4.Final.pdf (Signed) Amendment 5.Final.pdf Amendmen #6 (Executed).pdf Amending Agreement No 7 (Execution Copy).pdf OFA-OPA Amending Agreement No. 8 (Executed).pdf OPA IESO Amendment No 9 (Executed).pdf

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Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan
Cc: Sarah Harris
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. **ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998*** (the "**OPA**")

B. **ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993*** (the "**OFA**").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of 1 month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice"**) shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7

GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn Lawrence
Authorized Signing Officer

and: _____
Name: Rick Jennings
Authorized Signing Officer

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman
Title: Chief Executive Officer

SCHEDULE 1
FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is _____;
(c) The Repayment Date of the Proposed Advance is _____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority ("**OFA**")
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____;

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert] between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY

ONTARIO POWER AUTHORITY

175 Bloor Street East, North Tower, Suite 606, Toronto, Ontario M4W 3R8

February 14, 2005

Mr. Gadi Mayman
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto On M7A 1Y7

Dear Sir:

Re: Modification to Clause 4.7 of OPA Credit Facility – Substituting "Agreement" for "Services"

I write with respect to clause 4.7 of the Credit Agreement (the "Agreement") made between the Ontario Power Authority (the "OPA") and the Ontario Financing Authority (the "OFA"), dated January 1, 2005, and the requirement that the language contained therein be modified to better reflect the true intent of the parties to the Agreement.

By evidence of the signatures of the two parties to that Agreement on the face of this letter, the parties hereby consent and agree to amend clause 4.7 on page 12 of the Agreement by substituting the word "Agreement" for the word "Services" in the third line of that clause.

By their signatures the parties further agree that this letter shall be the sole notification to each and every party of the above-noted change and that such change shall take effect as of the date of that Agreement.

Sincerely,

Jan Carr
Chief Executive Officer
Ontario Power Authority

Rosalyn Lawrence
Director, Ontario Power Authority

Gadi Mayman
Chief Executive Officer,
Ontario Financing Authority

AMENDING AGREEMENT NO. 2 TO NOTE AGREEMENT

THIS AGREEMENT is made as of April 23, 2009 between:

A. INDEPENDENT ELECTRICITY SYSTEM OPERATOR, (the "Company")

B. ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

RECITALS:

1. Pursuant to section 116 of the *Electricity Act, 1998*, the Lieutenant Governor in Council made an order ("Transfer Order") transferring certain officers, employees, assets, liabilities, rights and obligations of Ontario Hydro to the Company;

2. Pursuant to the Transfer Order, the Company and OEFC entered into an agreement dated April 1, 1999 ("Note Agreement") under which the Company issued a note in the amount of $70.3 million ("Initial Note") to OEFC in partial payment for the assets and rights described above;

3. The Company and OEFC entered into an amending agreement dated March 23, 2000 (which together with the Note Agreement is referred to in this amending agreement as the "Amended Note Agreement") to provide for the issuance of a new note ("Existing Note") in the amount of $78.2 million in replacement for the Initial Note;

4. The Company was continued under the name Independent Electricity System Operator pursuant to subsection 4(1) of the Electricity Act, 1998 effective January 1, 2005;

5. The Minister of Finance has directed OEFC to extend the term of the loan from May 1, 2009 to May 1, 2011.

6. The parties wish to further amend the Amended Note Agreement.

NOW THEREFORE, in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

1. **Defined Terms.**
Capitalized terms used in this amending agreement and not otherwise defined herein have the meanings specified in the Amended Note Agreement;

2. **Amendment to Article 2 of the Amended Note Agreement.**

The following sections are added after Section 2.6.

2.7 **Refinancing Note**

On May 1, 2009, the Company shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule 2.7 (the "Refinancing Note") which shall be in an aggregate principal amount equal to $78.2 million, dated as of May 1, 2009 and maturing on May 1, 2011 and bearing interest at a per annum rate equal to the yield earned on ninety day Province of Ontario treasury bills as determined by the OEFC, plus 25 basis points (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Refinancing Note by OEFC, the Existing Note shall be of no further force or effect and shall be returned by OEFC to the Company marked "cancelled".

2.8 **Interest on Refinancing Note**

From May 1, 2009 to April 30, 2011, interest on the Refinancing Note at the rate specified in Section 2.7 shall accrue daily and shall be payable in quarterly installments on February 1, May 1, August 1 and November 1 in each year (each an "Interest Payment Date"), with the first such payment for the Refinancing Note to be made for the period from and including May 1, 2009 to but excluding August 1, 2009.

The interest rate on the Refinancing Note shall be reset automatically by the OEFC on the first business day of each quarter from and including May 1, 2009, to but excluding May 1, 2011 (each, an "Interest Reset Date"), at the interest rate equal to the yield earned on ninety-day Province of Ontario treasury bills on each Interest Reset Date as determined by the OEFC, plus 25 basis points

OEFC will provide the Company with written notice by email of the interest rate, date of interest payment and the interest payment amount due, as soon as possible after its determination, but in no event later than five business days following each Interest Reset Date.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

2.9 Prepayment on Refinancing Note

The Company may, prepay all or part of the Refinancing Note subject to the following restrictions in respect of each said prepayment:

(a) the prepayment shall be in a multiple of $5 million;
(b) the prepayment shall be made on an Interest Payment Date;
(c) the Company shall give irrevocable written notice substantially in the form attached as Schedule 2.9 (a "Notice of Prepayment") to OEFC of the amount of the prepayment at least fifteen (15) Business Days before the date on which the prepayment shall be made.

3. **Reference to and Effect on the Amended Note Agreement.** On and after this date, each reference in the Amended Note Agreement to "this Agreement" and each reference to the Amended Note Agreement in any and all other agreements, documents and instruments delivered by the Company and OEFC shall mean and be a reference to the Amended Note Agreement as amended by this amending agreement. Except as specifically amended by this amending agreement, the Amended Note Agreement shall remain in full force and effect.

4. **No Waiver.** The execution, delivery and effectiveness of this amending agreement shall not, except as expressly provided herein, constitute a waiver of any provision of the Amended Note Agreement.

5. **Governing Law.** This amending agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

6. **Counterparts.** This amending agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this amending agreement.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: Gary Hurkey
CFO.

~~By:~~ _____

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____
Michael Manning
Executive Director

~~By:~~ _____

SCHEDULE 2.7
FORM OF REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Principal Amount:	$78.2 million	Date: May 1, 2009
Interest Rate:	A variable rate of interest equal to the yield earned on ninety day Province of Ontario Treasury Bills, as determined by the Lender, plus 25 basis points	
Due:	May 1, 2011	

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("Company") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $78.2 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

OEFC shall and is unconditionally and absolutely authorized and directed by the Company to record on the grid attached hereto the date and amount of each prepayment on account of the principal paid to OEFC and the resulting outstanding principal amount of this Note provided that such prepayment is made on an Interest Payment Date (as defined below) and in accordance with the terms of the Agreement as amended (as defined below). Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such prepayments.

The outstanding principal amount of this Note together with all interest accrued thereon shall become due and payable on May 1, 2011.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the yield earned on ninety-day Province of Ontario treasury bills , as determined by OEFC, plus 25 basis points. Interest at such rate shall accrue daily and shall be payable in arrears in quarterly installments on February 1, May 1, August 1 and November 1 in each year (each an "Interest Payment Date") commencing August 1, 2009.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the Company and OEFC ("Agreement") and amended by an amending agreement dated March 23, 2000 and an amending agreement dated April 23, 2009, which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICITY
SYSTEM OPERATOR

By: _____

By: _____

Amending Agreement #2 in Respect of Agreement Providing For Issuance of a Note
dated April 23, 2009

DATE	PRINCIPAL ADVANCED ($)	DATE OF EACH PREPAYMENT	AMOUNT OF EACH PREPAYMENT	OUTSTANDING PRINCIPAL AMOUNT ($)	Notation Made By
May 1, 2009	78,200,000			78,200,000	
-	-	-	-	-	-

Schedule 2.9

PREPAYMENT NOTICE

To: OEFC
c/o Ontario Financing Authority
Attention: Manager, Electricity and Nuclear Fund

Fax: (416) 325-8111

From: Independent Electricity System Operator
Treasury Department, Finance

Date: _____

Reference is made to the Note Agreement made between the Independent Electricity System Operator as borrower (the "Company"), and OEFC as lender dated as of April 1, 1999, as amended by agreement as of March 23, 2000 and April 23, 2009 (collectively the "Note Agreement"). Unless otherwise defined herein, all terms used in this notice with initial capital letters (other than for grammatical purposes) shall have the respective meanings ascribed thereto in the Note Agreement.

Pursuant to section 2.9 of the Note Agreement, the Company hereby gives notice to OEFC that the Company will make a prepayment on account of the principal amount of Refinancing Note as follows:

amount of prepayment: _____

date of prepayment: _____

DATED this _____ day of _____, _____.

Yours very truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Title: _____

AMENDING AGREEMENT NO.3

This Amending Agreement made as of the 11th day of October, 2005.

BETWEEN: **ONTARIO POWER AUTHORITY** a corporation established under the *Electricity Act, 1998* (the **"OPA"**)

AND: **ONTARIO FINANCING AUTHORITY** a Crown agency established under the *Capital Investment Plan Act, 1993* (the **"OFA"**)

WHEREAS the OPA and the OFA entered into a credit agreement dated January 1, 2005, as amended by an Amending Agreement dated February 14, 2005 (together the "Credit Agreement") pursuant to which the OFA has agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the grid note is $386,034,687.25;

AND WHEREAS the OPA and the OFA have now agreed to increase the operating facility to a principal amount of up to $975,000,000;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. The definition of Commitment in Section 1.1 of the Credit Agreement is amended by deleting "$500 million" and substituting "$975,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the OPA shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $975,000,000 substantially in the form attached to this Amending Agreement and indicating a total principal amount of advances outstanding to date of $386,034,687.25 Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid promissory note to the OPA.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

by: Gadi

Name: Gadi Mayman

Title: Chief Executive Officer

ONTARIO POWER AUTHORITY

by: MERichardson

Name: MARY ELLEN RICHARDSON

Title VP, CORPORATE AFFAIRS
ACTING CHIEF EXECUTIVE OFFICER

By: _____

Name:

Title

AMENDING AGREEMENT NO.4

This Amending Agreement made as of the 27th day of September, 2006.

BETWEEN: **ONTARIO POWER AUTHORITY** a corporation established under the *Electricity Act, 1998* (the **"OPA"**)

AND: **ONTARIO FINANCING AUTHORITY** a Crown agency established under the *Capital Investment Plan Act, 1993* (the **"OFA"**)

WHEREAS the OPA and the OFA entered into a credit agreement dated January 1, 2005, as amended by an Amending Agreement dated February 14, 2005 and Amending Agreement NO.3 dated October 11, 2005 (together the "Credit Agreement") pursuant to which the OFA has agreed to provide a revolving operating facility to the OPA in the principal amount of up to $975 million and the OPA issued a grid note dated October 12, 2005 to the OFA for a principal amount of up to $975 million;

AND WHEREAS the OPA and the OFA have now agreed to extend the mandatory repayment date for the operating facility from December 31, 2006 to December 31, 2010;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. Section 2.4 of the Credit Agreement is amended by deleting "December 31, 2006" and substituting "December 31, 2010" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the OPA shall execute and deliver to the OFA a new grid promissory note substantially in the form attached to this Amending Agreement and indicating a total principal amount of advances outstanding to date of $237,677,910.71. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid promissory note to the OPA.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman

Title: Chief Executive Officer

ONTARIO POWER AUTHORITY ~~AUTHORITY~~

by: _____

Name: JAN CARR

Title CEO

by: _____

Name: John STEEN

Title Director of Finance

AMENDING AGREEMENT NO.5

This Amending Agreement made as of the 13th day of July 2007.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3") and September 27, 2006 (titled, "Amending Agreement No. 4") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 3.1 of the Agreement is hereby amended by deleting the date "November 30, 2006" substituting therefor the date "November 30, 2010".
2. Section 5.1(b) of the Agreement is hereby amended by deleting the date "December 31, 2006" and substituting therefor the date "December 31, 2010".

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Gadi Mayman
Title: Chief Excecutive Officer

ONTARIO POWER AUTHORITY

Per: _____
Name: Jan Carr
Title: Chief Executive Officer

AMENDING AGREEMENT NO.6

This Amending Agreement made as of the 9th day of November 2010.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4") and July 13, 2007 (titled, "Amending Agreement No.5") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2013."

2. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2013."

3. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2013;"

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Gadi Mayman
Title: Chief Executive Officer

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

AMENDING AGREEMENT NO.7

This Amending Agreement made as of the 20th day of December 2013.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA"**)

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5") and November 9, 2010 (titled, "Amending Agreement No. 6") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The first sentence of the Recital in the Agreement is deleted and replaced by the following:

   "The OPA has requested an operating line of credit from the OFA in the amount of $975 million and the OFA has agreed to provide such a line of credit to the OPA."

2. Section 2.3 of the Agreement is deleted and replaced by the following:

   "The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

   (1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

   (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

3. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2016."

4. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2016."

5. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2016;"

6. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

7. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

8. Schedule 3 of the Agreement, OPA Grid Note, is deleted and replaced by the OPA Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

SCHEDULE 1 TO AMENDING AGREEMENT NO.7

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [not more than 3 months after the date of the Proposed Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2 TO AMENDING AGREEMENT NO. 7

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principle amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 7

SCHEDULE 3

ONTARIO POWER AUTHORITY GRID NOTE

Principal Amount: Up to $975,000,000 Date:

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

ONTARIO POWER AUTHORITY

By:_____
Colin Andersen
Chief Executive Officer

By:_____
Kimberly Marshall
Vice President, Business Strategies & Solutions

AMENDING AGREEMENT NO. 8

This Amending Agreement made as of the 19th day of December 2014.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricity Act, 1998* ("**OPA**")
(as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")
(as Lender)

WHEREAS the parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6") and December 20, 2013 (titled, "Amending Agreement No. 7") the parties amended the Original Agreement (as so amended, the "Agreement").

AND WHEREAS OPA and OFA now wish to further amend the Agreement in anticipation of the amalgamation, effective January 1, 2015, of the OPA and the Independent Electricity System Operator to continue as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014.*") which received Royal Assent on July 24, 2014.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement (including in the recitals to this Amending Agreement) have the respective meanings given to those terms in the Agreement, and the following terms shall have the meanings assigned to them below:

   (a) "Act" means *Building Opportunity and Securing Our Future Act (Budget Measures), 2014* (S.O. 2014 c.7), as amended;

   (b) "Amalgamation" means the amalgamation of the OPA and Pre-Amalgamation IESO effective January 1, 2015 to continue as a corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" pursuant to Schedule 7 of the Act;

(c) "Amending Agreement" means this Amending Agreement No. 8;

(d) "Electricity Act" means the *Electricity Act, 1998* (S.O. 1998. c. 15), as amended;

(e) "New IESO" means the corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" continued upon the Amalgamation;

(f) "OPA" means the Ontario Power Authority, which will, upon the Amalgamation, amalgamate with Pre-Amalgamation IESO to continue as New IESO;

(g) "Pre-Amalgamation IESO" means the Independent Electricity System Operator, which will, upon the Amalgamation, amalgamate with the OPA to continue as New IESO; and

(h) "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2. Section 2.3 Use of Proceeds - of the Agreement is deleted and replaced by the following:

Up to the effective time of the Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

3. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

4. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

5. The OPA agrees New IESO shall deliver to OFA a certificate of an officer of New IESO, in form satisfactory to OFA, certifying, as at the effective time of the Amalgamation:

(i) that: (A) all the representations and warranties of New IESO in this Agreement (as amended) are true and correct and (B) no default or Event of Default shall have occurred or be continuing and no event or condition shall have occurred which, with the lapse of time or the giving of notice or both, would constitute an Event of Default; and

(ii) as to incumbency of the officers and directors of New IESO.

6. As soon as reasonably possible following the Amalgamation, but in any event by no later than March 31, 2015, New IESO shall execute and deliver to the OFA a confirmation of New IESO's assumption of the Agreement, as amended by this Amending Agreement, and of the OPA Grid Note, in form satisfactory to OFA, together with a certificate of incumbency in respect of the officers of New IESO.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Kimberly Marshall
Title: VP, Corporate Services; CFO and Treasurer

SCHEDULE 1 TO AMENDING AGREEMENT NO. 8

FORM OF BORROWING NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA") refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [not more than 3 months after the date of the Proposed Advance.]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for the following purposes:

(1) *<indicate amount and purpose of funds requested>*
(2) *<indicate amount and purpose of funds requested>*

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Borrowing Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 1), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

SCHEDULE 2 TO AMENDING AGREEMENT NO. 8

FORM OF ELECTION NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refers to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Election Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 2), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 3:44:01 PM
Attachments:	image001.png

That works, thanks!

From: Sarah Harris
Sent: Tuesday, June 20, 2017 12:18 PM
To: Lisa Stein ; William Tan
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

How about once you finish your mark-up, I can incorporate any outstanding changes below into it.

Thanks,

Sarah

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HI Will and Lisa,

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From:	Lisa Stein
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Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 12, 2017 3:42:39 PM

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To: Sarah Harris
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date: Tuesday, June 20, 2017 1:09:26 PM
Attachments: image001.png

Hi Sarah,
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Thanks,
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To: William Tan
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Please reach out directly to Salman and Toby (cc' Lisa) to get their assistance in defining the use of proceeds for the IESO credit facility.
Also, Toby is going to need to review the credit facility agreement. Once Lisa comes back with her comments, you'll need to go through the draft, revise it accordingly, then you can let Lisa know that you will circulate to Toby so he can provide any comments as well. It would be best to give Toby the head's up that it will be coming.
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From: Sarah Harris
To: Lisa Stein; William Tan
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date: Tuesday, June 20, 2017 12:18:05 PM
Attachments: image001.png

Hi Lisa,
How about once you finish your mark-up, I can incorporate any outstanding changes below into it.
Thanks,
Sarah

From: Lisa Stein
Sent: Tuesday, June 20, 2017 12:04 PM
To: Sarah Harris ; William Tan
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Thanks Sarah. I didn't realize you were reviewing the agreement at the same time. Are those the only changes? I'll have to track them into my version. I've also amended the recitals.

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Sent: Tuesday, June 20, 2017 12:02 PM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
HI Will and Lisa,
In looking at the draft Directive, I noted that the purpose of the credit facility is to provide "**short to medium** term financing related to the OFHP". Given these parameters, I thought it appropriate to remove the reference to "short-term" credit facility in the agreement, and to just call it a credit facility.
I've also made the following amendments:

- I've shortened the recitals.
- For consistency, I've gone the through the document, and added "the" in front of IESO where it was missing. I've done the same thing for "OFA."
- I've changed some reference from the "Province" to the "OFA" under section 2.9 and in the definition of Credit Facility.

Thanks,
Sarah

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Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 21, 2017 9:15:19 AM
Attachments:	image001.png

Hi William,

The answer to your question is yes. I will leave the interest rate language as is in the draft agreement – it is a reasonable description of the interest rate setting process that you have described.

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Sent: Tuesday, June 20, 2017 10:17 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

I've reviewed 5 agreements and they all seem to generally to be worded similarly or a variation of the same meaning. Let me know if you require more information.

"All such costs, charges and expenses shall bear interest at the Province's cost of funds (plus any applicable spread as determined by the Ontario Financing Authority)"

From: Lisa Stein
Sent: Monday, June 19, 2017 2:45 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Importance: High

Hi William,

Can you please confirm the exact process for determining the rate? Is it interpolation? Do you have precedent agreements with such language? Or perhaps MOF Legal might have some precedents.

Thank you,

Lisa

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:

Section 3.4 Interest on Advances.

To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Hello Lisa,
Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).
Thanks,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

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From: Sarah Harris
To: Kelly Listoe; Ryan Blackbyrne
Cc: Opal Kandelas
Subject: RE: FHP
Date: Wednesday, May 31, 2017 3:56:20 PM

Kelly and Ryan,
Thank you very much for diagram. I would appreciate a walkthrough, but want to give Opal the chance to take a look first too, and then we can sit down for a few minutes in my/her office tomorrow morning.
Thanks,
Srah

From: Kelly Listoe
Sent: Wednesday, May 31, 2017 3:17 PM
To: Sarah Harris
Cc: Opal Kandelas ; Ryan Blackbyrne
Subject: RE: FHP

Hi Sarah
Attached is a document (ppt) that Ryan and I put together that shows the structure of the FHP, largely based on OPG's "whitepaper" of February 27th and relevant info gleaned from what was attached.
I can walk you through it.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Sarah Harris
Sent: Wednesday, May 31, 2017 10:02 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP

Hi Kelly,
I'm going to draw you into the nebulous world of FHP and am going to ask you to get familiar as you can with the attached information Opal has provided. This is still considered confidential. Essentially she looking to see, based on the information she's been provided, if you might be able to attempt to connect how this information fits together in order to better understand how the FHP is being structured.
Opal mentioned something to the effect that OPG is going to Energy to submit its request for a capital infusion, Energy is coming to the Province, the Province is investing funds in OPG and will get some shares in OPG. OPG will then go form some type of trust and invest those funds. Clear as mud? Thought so.
In other words, could you please review the docs and do your best to figure it out based on the information provided? If you have any comments or questions on the docs that are worth raising, please let me know.

Thanks,
Sarah

From: Opal Kandelas
Sent: Wednesday, May 31, 2017 9:36 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP

Hi Sarah,

The FHP seems to be taking shape but (as should be reasonably expected) much of the information is coming to me in bits and pieces. Would be good to have a Doc staff familiar with this as more info becomes available or is being developed. It's being kept at a fairly high level at this time, but don't want to be surprised if Documentation is needed to jump in. I've included the emails on the subject to help provide some context – they aren't all helpful though. What I've sent is for review and provide opportunity to comment as well as to ask questions.

Docs for review/comment/question:

Financing Trust- Performance Fee Recommendation
Subordinated Debt Term Sheet
Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1
Term Sheet Master Subscription draft May 26
Provincial Support Agreement May 12 MOF draft comments
Term Sheet – Provincial Support Agreement May 12
Compare Term Sheet Provincial Support Agreement Term Sheet

Thanks,
Opal.

From:	Kelly Listoe
To:	Sarah Harris
Cc:	Opal Kandelas; Ryan Blackbyrne
Subject:	RE: FHP
Date:	Wednesday, May 31, 2017 3:16:54 PM
Attachments:	GA funding.pptx

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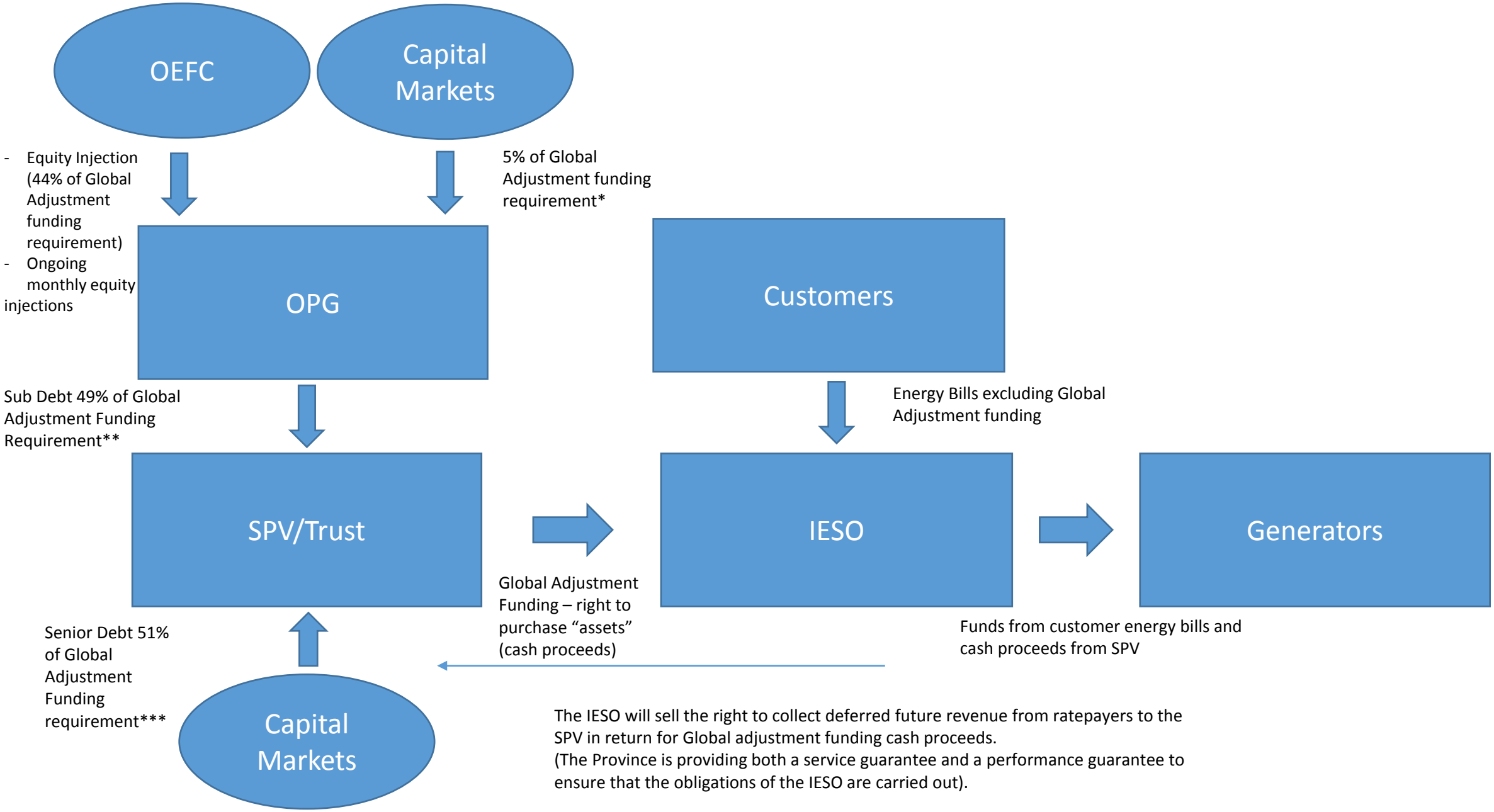

The IESO will sell the right to collect deferred future revenue from ratepayers to the SPV in return for Global adjustment funding cash proceeds.
(The Province is providing both a service guarantee and a performance guarantee to ensure that the obligations of the IESO are carried out).

Notes:

* Tranche C sub debt from OPG via Capital Markets 5%

** Tranche B sub debt from OPG via OEFC 39% + Tranche C sub debt from OPG via OEFC 5%

*** Tranche A senior debt from Capital Markets 51%

The SPV structure is used to accomplish the following:

- SPV holds the right to charge customers for the benefit of debt holders;
- Allows the financing vehicle to be separated from OPG as an SPV structure is set up as generally single purpose entities with no other operations that could add risk to the SPV, dilute debt holder rights, allow parties from other operations to claim rights to the future recovery from customers or allow these other parties to initiate bankruptcy proceedings;
- Enables SPV to potentially get a higher credit rating than OPG;
- Supports consolidation with OPG provided accounting requirements arc satisfied;

This approach supports a number of objectives of the Global Adjustment Recovery Right:

- 51% external senior debt supports separation of the SPV from the Province
- 5% junior subordinated debt establishes OPG's "at risk" equity which supports separation of the SPV from the Province
- Subordinated debt provides flexibility to the financing structure and additional credit support to external debt holders
- Subordinated debt sourced from OPG (mainly funded by equity injection from the Province) minimizes impact on OPG credit metrics reducing risk of an OPG rating downgrade that could result in the SPV being consolidated directly with the Province as the SPY would be considered an arm of the Province.

Potential Documents For Documentation Review (where OEFC or OFA or Province are a party):

OEFC – OPG equity master subscription agreement term sheet (June)

Provincial service and performance guarantees re IESO

IESO needs a backstop credit facility in the event the SPV does not, or cannot, purchase “assets” from IESO (right to collect electricity bill payments).

Other documents look to me to be “indirect”, but we may be asked to comment on sub debt docs and the like (but the parties are the SPV and the bond market).

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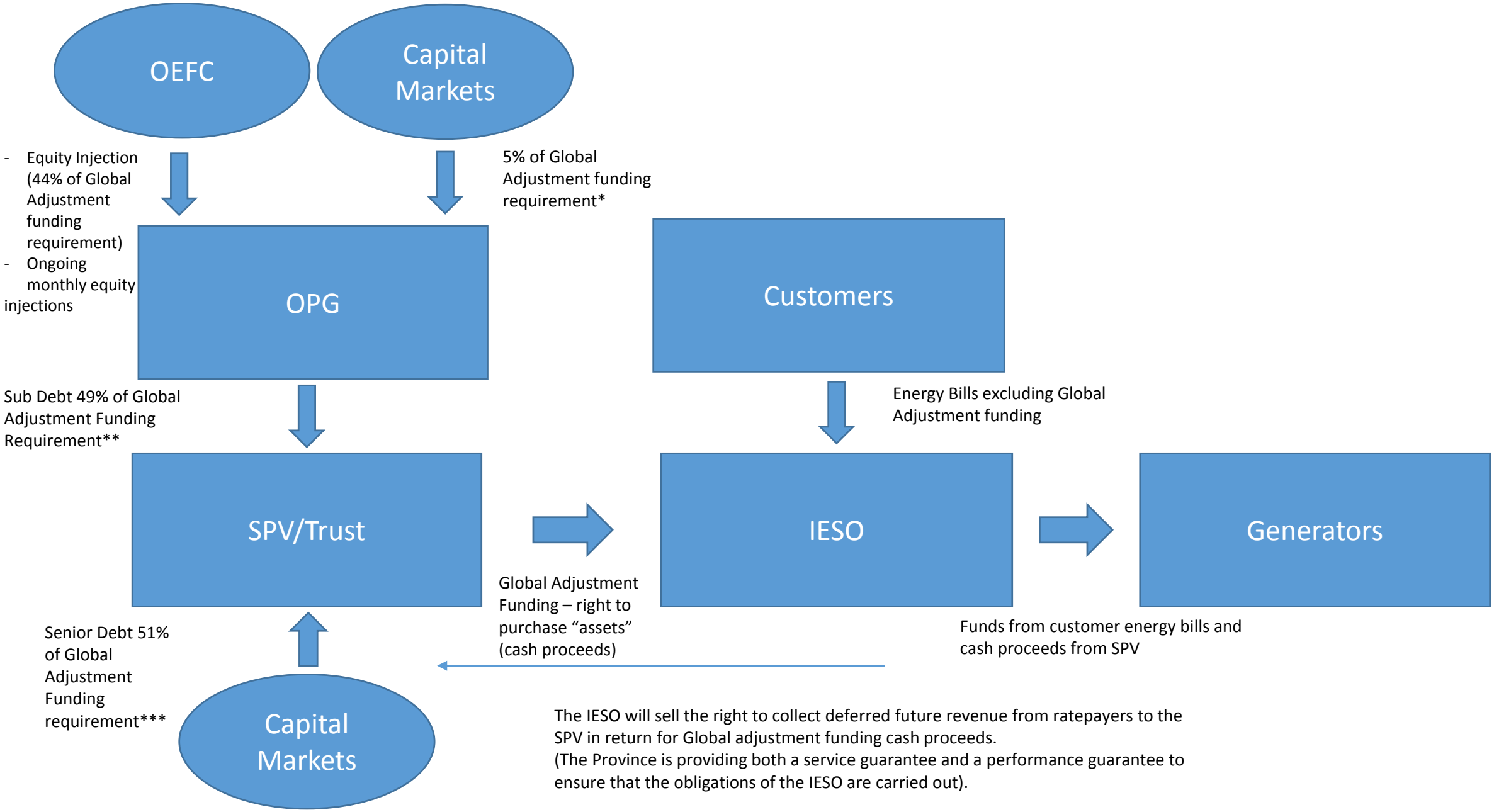

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From: Sarah Harris
To: William Tan
Subject: RE: FHP, Promissory note. OFA borrow from Province
Date: Friday, June 09, 2017 4:43:19 PM
Attachments: Draft FHP OFA borrow from Province.rtf

Hi Will,
Thanks for the draft. Please see my comments – only a couple.
Once you've had the chance to address, please send revised version.
Thanks,
Sarah

From: William Tan
Sent: Thursday, June 08, 2017 2:35 PM
To: Sarah Harris
Subject: FHP, Promissory note. OFA borrow from Province

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Let's discuss when you have time.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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william.tan@ofina.on.ca

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars~~$2.0 billion~~; ~~or~~and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed ~~$2.0 billion~~Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal~~le~~ amount of the loan outstanding at any time shall not exceed ~~$2.0 billion~~Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

Commented [WT1]: Paragraph C, (revolving credit facility) was in the 675/1997 Promissory Note but not in the 2009 promissory note.

SH: Should include

Commented [WT2]: 675/1997 appears differently. “as at the auction date immediately preceding the Reset Date for such ninety day period”.

Check with trading floor (Jim, Carlos) to see if it makes sense to put in the auction date reference. Show them the draft OIC, and then show them what was done in the past under OIC675/1997.

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 40 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(g) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees

Commented [WT3]: 675/1997 – 25 basis points
2009 – 40 basis points

Read the wording in the draft OIC in terms of the wording to include, then check with Lisa to see what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted

that in the absence of manifest enor the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 1st day of July, 2017.

Commented [WT4]: I think it should be dated the date of the OIC, but check with Lisa.

Ontario Financing Authority

Per:
Gadi Mayman
Chief Executive Officer

From: Sarah Harris
To: William Tan
Subject: RE: FHP, Promissory note. OFA borrow from Province
Date: Friday, June 09, 2017 4:43:19 PM
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(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal~~le~~ amount of the loan outstanding at any time shall not exceed ~~$2.0 billion~~Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

Commented [WT1]: Paragraph C, (revolving credit facility) was in the 675/1997 Promissory Note but not in the 2009 promissory note.

SH: Should include

Commented [WT2]: 675/1997 appears differently. “as at the auction date immediately preceding the Reset Date for such ninety day period”.

Check with trading floor (Jim, Carlos) to see if it makes sense to put in the auction date reference. Show them the draft OIC, and then show them what was done in the past under OIC675/1997.

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 40 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(g) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees

Commented [WT3]: 675/1997 – 25 basis points
2009 – 40 basis points

Read the wording in the draft OIC in terms of the wording to include, then check with Lisa to see what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted

that in the absence of manifest enor the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 1st day of July, 2017.

Commented [WT4]: I think it should be dated the date of the OIC, but check with Lisa.

Ontario Financing Authority

Per:
Gadi Mayman
Chief Executive Officer

From: Sarah Harris
To: Kelly Listoe; Ryan Blackbyrne
Cc: Opal Kandelas
Subject: RE: FHP
Date: Wednesday, May 31, 2017 3:56:20 PM

Kelly and Ryan,
Thank you very much for diagram. I would appreciate a walkthrough, but want to give Opal the chance to take a look first too, and then we can sit down for a few minutes in my/her office tomorrow morning.
Thanks,
Srah

From: Kelly Listoe
Sent: Wednesday, May 31, 2017 3:17 PM
To: Sarah Harris
Cc: Opal Kandelas ; Ryan Blackbyrne
Subject: RE: FHP

Hi Sarah
Attached is a document (ppt) that Ryan and I put together that shows the structure of the FHP, largely based on OPG's "whitepaper" of February 27th and relevant info gleaned from what was attached.
I can walk you through it.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Sarah Harris
Sent: Wednesday, May 31, 2017 10:02 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP

Hi Kelly,
I'm going to draw you into the nebulous world of FHP and am going to ask you to get familiar as you can with the attached information Opal has provided. This is still considered confidential. Essentially she looking to see, based on the information she's been provided, if you might be able to attempt to connect how this information fits together in order to better understand how the FHP is being structured.
Opal mentioned something to the effect that OPG is going to Energy to submit its request for a capital infusion, Energy is coming to the Province, the Province is investing funds in OPG and will get some shares in OPG. OPG will then go form some type of trust and invest those funds. Clear as mud? Thought so.
In other words, could you please review the docs and do your best to figure it out based on the information provided? If you have any comments or questions on the docs that are worth raising, please let me know.

Thanks,
Sarah

From: Opal Kandelas
Sent: Wednesday, May 31, 2017 9:36 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP

Hi Sarah,

The FHP seems to be taking shape but (as should be reasonably expected) much of the information is coming to me in bits and pieces. Would be good to have a Doc staff familiar with this as more info becomes available or is being developed. It's being kept at a fairly high level at this time, but don't want to be surprised if Documentation is needed to jump in. I've included the emails on the subject to help provide some context – they aren't all helpful though. What I've sent is for review and provide opportunity to comment as well as to ask questions.

Docs for review/comment/question:

Financing Trust- Performance Fee Recommendation
Subordinated Debt Term Sheet
Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1
Term Sheet Master Subscription draft May 26
Provincial Support Agreement May 12 MOF draft comments
Term Sheet – Provincial Support Agreement May 12
Compare Term Sheet Provincial Support Agreement Term Sheet

Thanks,
Opal.

From:	Sarah Harris
To:	Kelly Listoe
Subject:	RE: IESO $120MM Note - Interest Payment Schedule
Date:	Friday, May 05, 2017 1:56:57 PM
Attachments:	image001.png image002.png image003.png image004.png image005.png

Holy Hannah. I agree with you. At least we learned some stuff.
Sarah

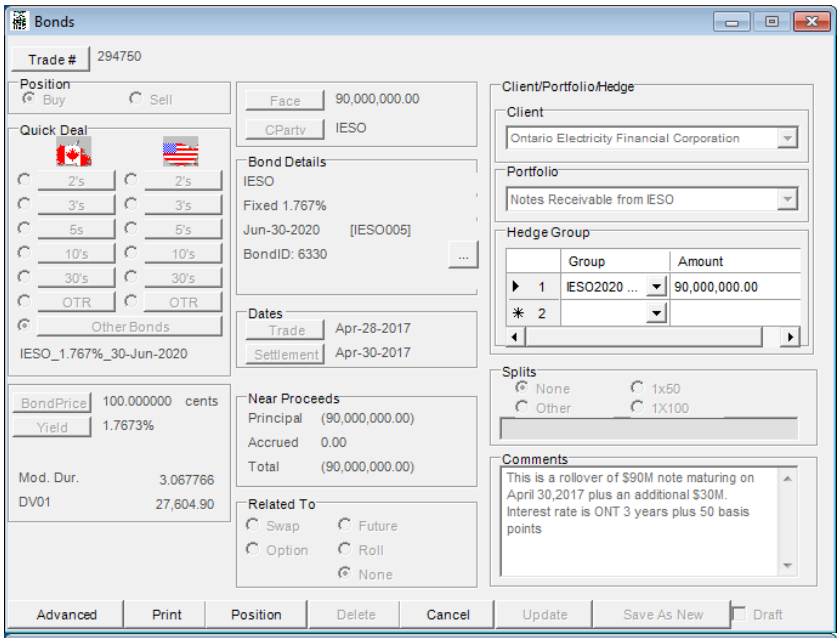
From: Kelly Listoe
Sent: Friday, May 05, 2017 11:48 AM
To: Sarah Harris
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Yes. That makes sense. I confirmed it in the docs. What Carlos shows is correct.
We were really in the weeds on this one start to finish.
Kelly

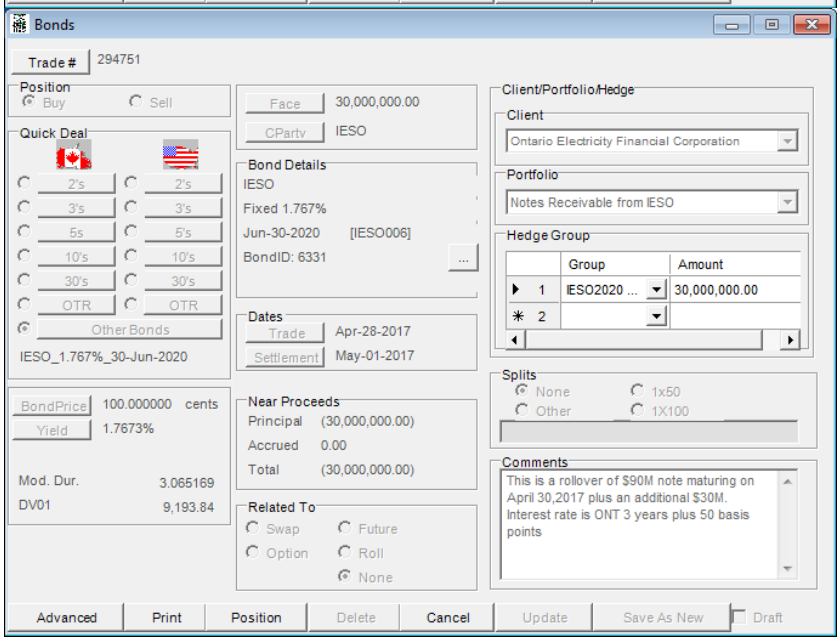
From: Sarah Harris
Sent: Friday, May 05, 2017 11:45 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>; LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Hi Kelly,
Unless the agreement (or any docs) specifies rounding the decimal to 3 places (which I don't think is the case), we go with what Carlos' input. If I recall, OEFC simply gets to set the rate. Once you scan through the docs to confirm, you can reply to Olga to that OFA's rate is correct.
Thank you all for your help in resolving this.
Sarah

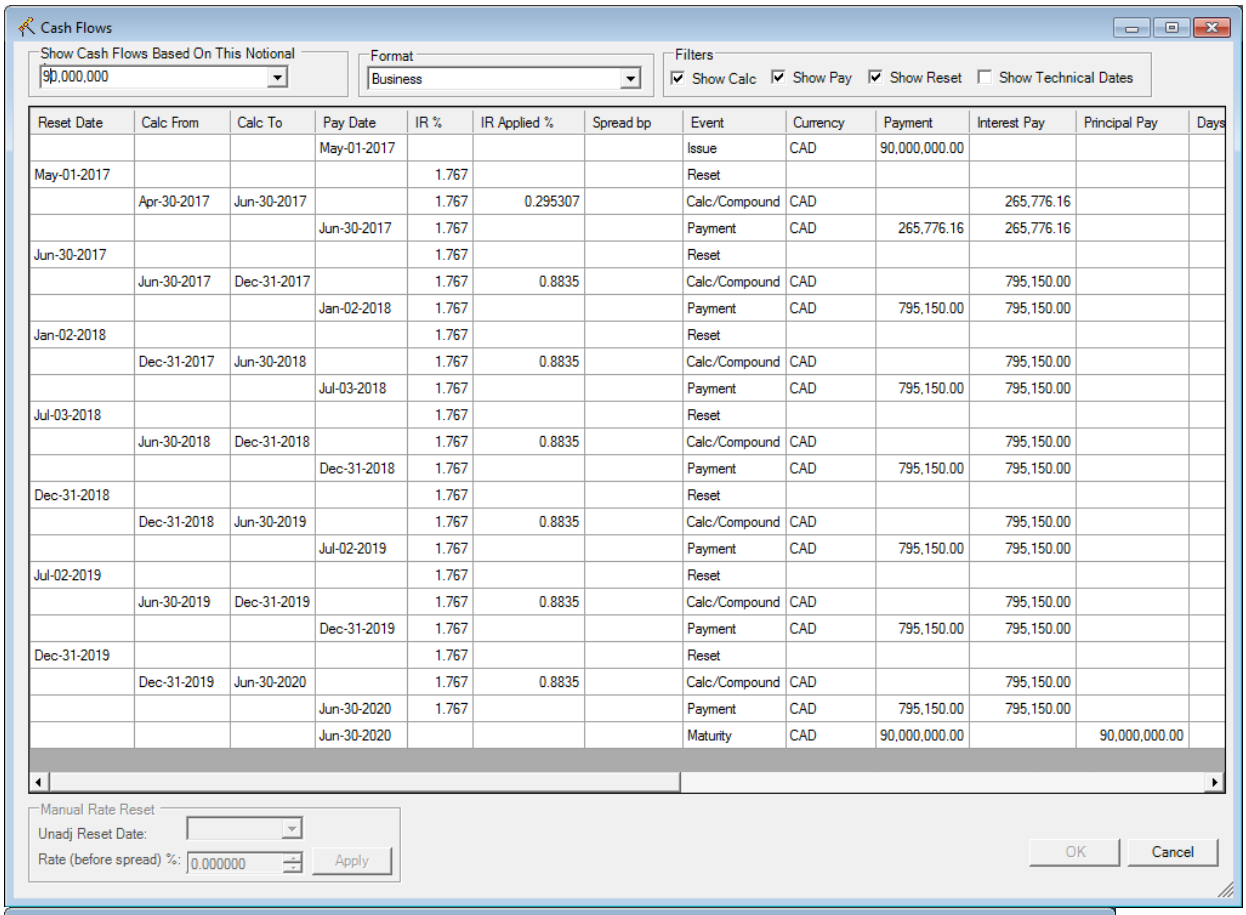
From: Kelly Listoe
Sent: Friday, May 05, 2017 11:28 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>; LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>
Subject: FW: IESO $120MM Note - Interest Payment Schedule
Mystery solved, but should we note use the rate on the note of 1.7673%?
Kelly

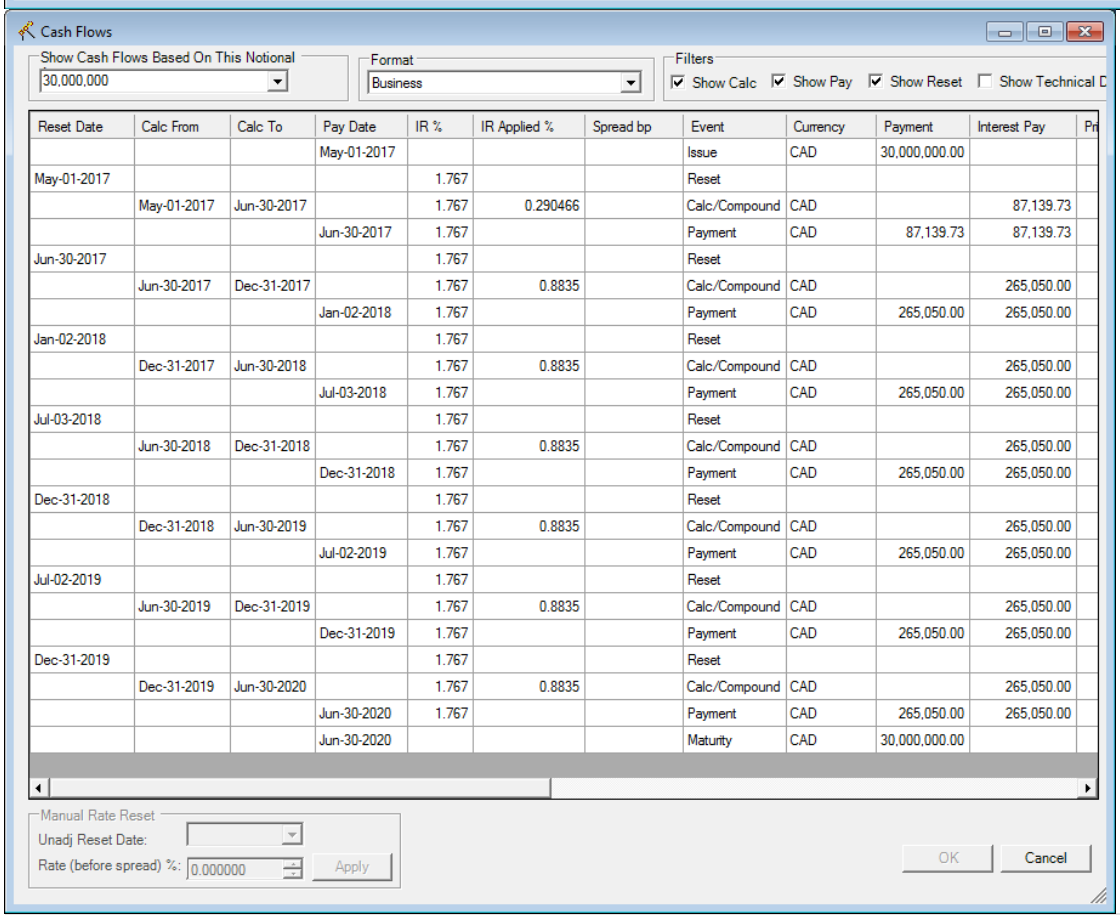
From: Kelly Listoe
Sent: Friday, May 05, 2017 11:27 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule
The difference is 1 day of interest plus 1.767% vs 1.7673%. The note has 1.7673% on it.

From: Carlos Yep
Sent: Friday, May 05, 2017 11:26 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Kelly
Attached are the cashflows and my ITS tickets.
Jun30,2017 $265,776.16 + 87,139.73 = $352.915.89
90M X 1.767% X 61/365 + 30M X 1.767%x60/365
Dec31,2017 $795,150.00 +265,050.00 = $1,060,200
90M X 1.767% X 0.5 + 30M X 1.767% x 0.5
the IESO calculation are different because
(1) using 1.7673% instead of 1.767%
(2)not calculating an extra day on $90M
Jun30,2017 $261,463.56 + 87,154.52 = $348.618.08
90M X 1.7673% X 60/365 + 30M X 1.7673%x60/365
Dec31,2017 $795,285.00 +265,095.00 = $1,060,380
90M X 1.7673% X 0.5 + 30M X 1.7673% x 0.5


Bonds
Trade # 294750
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice 100.000000 cents
Yield 1.7673%
Mod. Dur. 3.067766
DV01 27,604.90
Face 90,000,000.00
CPartv IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020 [IESO005]
BondID: 6330
Dates
Trade Apr-28-2017
Settlement Apr-30-2017
Near Proceeds
Principal (90,000,000.00)
Accrued 0.00
Total (90,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
90,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft


Bonds
Trade # 294751
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice 100.000000 cents
Yield 1.7673%
Mod. Dur. 3.065169
DV01 9,193.84
Face 30,000,000.00
CPartv IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020 [IESO006]
BondID: 6331
Dates
Trade Apr-28-2017
Settlement May-01-2017
Near Proceeds
Principal (30,000,000.00)
Accrued 0.00
Total (30,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
30,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft


Cash Flows
Show Cash Flows Based On This Notional
90,000,000
Format
Business
Filters
Show Calc
Show Pay
Show Reset
Show Technical Dates
Reset Date | Calc From | Calc To | Pay Date | IR % | IR Applied % | Spread bp | Event | Currency | Payment | Interest Pay | Principal Pay | Days
May-01-2017 | | | May-01-2017 | | | | Issue | CAD | 90,000,000.00 | | |
			1.767			Reset				
Apr-30-2017	Jun-30-2017		1.767	0.295307		Calc/Compound	CAD		265,776.16	
		Jun-30-2017	1.767			Payment	CAD	265,776.16	265,776.16	
Jun-30-2017				1.767			Reset				
Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jan-02-2018	1.767			Payment	CAD	795,150.00	795,150.00	
Jan-02-2018				1.767			Reset				
Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jul-03-2018	1.767			Payment	CAD	795,150.00	795,150.00	
Jul-03-2018				1.767			Reset				
Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Dec-31-2018	1.767			Payment	CAD	795,150.00	795,150.00	
Dec-31-2018				1.767			Reset				
Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jul-02-2019	1.767			Payment	CAD	795,150.00	795,150.00	
Jul-02-2019				1.767			Reset				
Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Dec-31-2019	1.767			Payment	CAD	795,150.00	795,150.00	
Dec-31-2019				1.767			Reset				
Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jun-30-2020	1.767			Payment	CAD	795,150.00	795,150.00	
		Jun-30-2020				Maturity	CAD	90,000,000.00		90,000,000.00
Manual Rate Reset
Unadj Reset Date:
Rate (before spread) %:
0.000000
Apply
OK
Cancel


Cash Flows
Show Cash Flows Based On This Notional
30,000,000
Format
Business
Filters
Show Calc
Show Pay
Show Reset
Show Technical D
Reset Date | Calc From | Calc To | Pay Date | IR % | IR Applied % | Spread bp | Event | Currency | Payment | Interest Pay | Pr
May-01-2017 | | | May-01-2017 | | | | Issue | CAD | 30,000,000.00 | |
			1.767			Reset				
May-01-2017	Jun-30-2017		1.767	0.290466		Calc/Compound	CAD		87,139.73	
		Jun-30-2017	1.767			Payment	CAD	87,139.73	87,139.73	
Jun-30-2017				1.767			Reset				
Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jan-02-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jan-02-2018				1.767			Reset				
Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jul-03-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-03-2018				1.767			Reset				
Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Dec-31-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2018				1.767			Reset				
Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jul-02-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-02-2019				1.767			Reset				
Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Dec-31-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2019				1.767			Reset				
Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jun-30-2020	1.767			Payment	CAD	265,050.00	265,050.00	
		Jun-30-2020				Maturity	CAD	30,000,000.00		
Manual Rate Reset
Unadj Reset Date:
Rate (before spread) %:
0.000000
Apply
OK
Cancel

From: Kelly Listoe
Sent: Thursday, May 04, 2017 3:33 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: IESO $120MM Note - Interest Payment Schedule

Hi Carlos

I received this request from Olga at IESO and I am at home today. Do you have access to the system to verify what this should be (officially)? When I calculate at home on my calculator, it seems a bit out.

Kelly

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Thursday, May 04, 2017 3:22 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: IESO $120MM Note - Interest Payment Schedule

Hi Kelly, would you be able to confirm if you agree with the interest payment schedule below:

Independent Electricity System Operator (IESO)

OEFC $120MM Corp Note Payable:

Loan Date	Int Pmt Date	Principal Amount	Interest Rate	Int Pmt Amount	Period
01-May-17	30-Jun-17	$ 120,000,000.00	1.7673%	$ 348,618.08	May to Jun
30-Jun-17	01-Jan-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
01-Jan-18	02-Jul-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
02-Jul-18	31-Dec-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
31-Dec-18	01-Jul-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
01-Jul-19	30-Dec-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

Thanks!

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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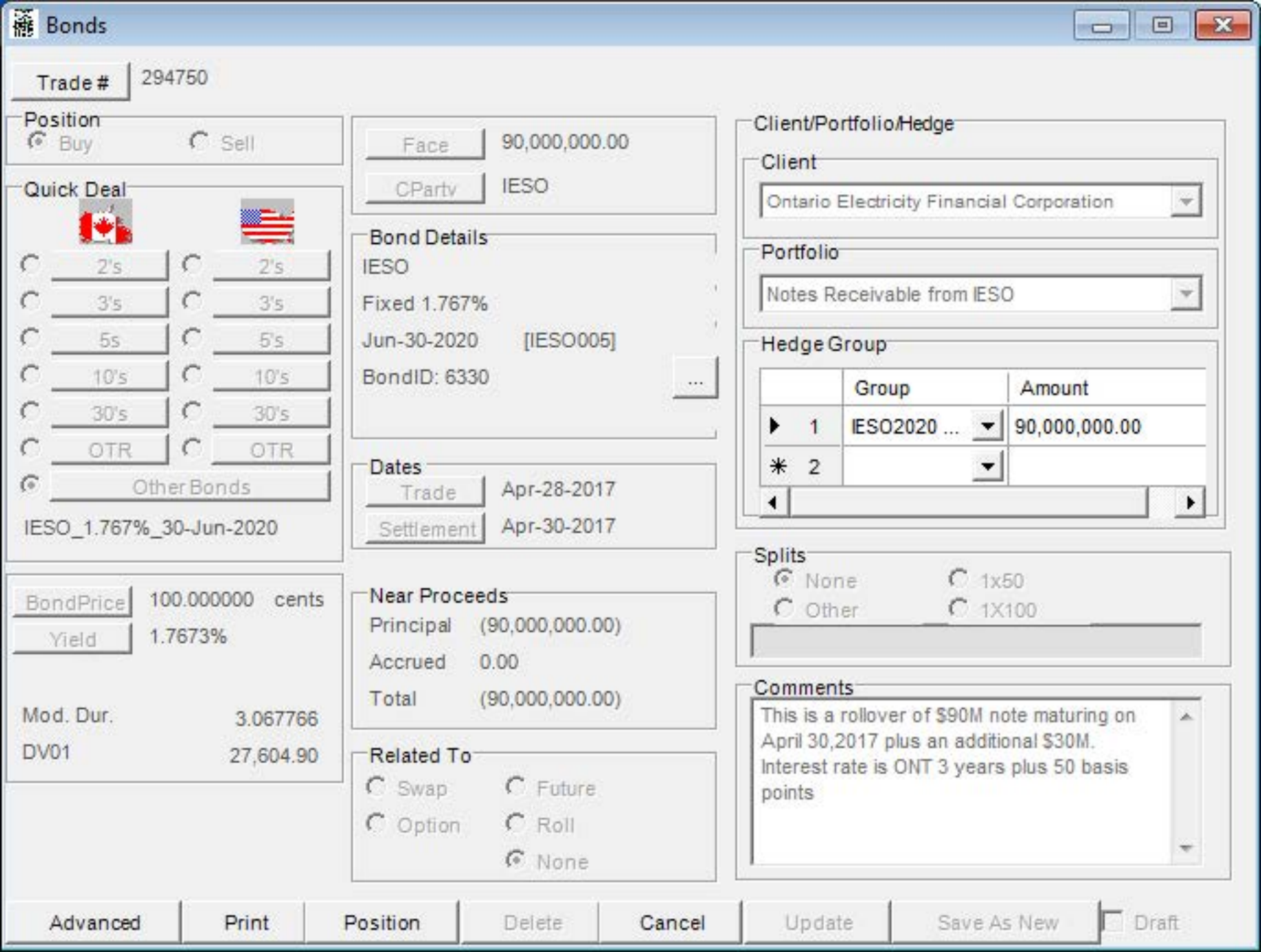
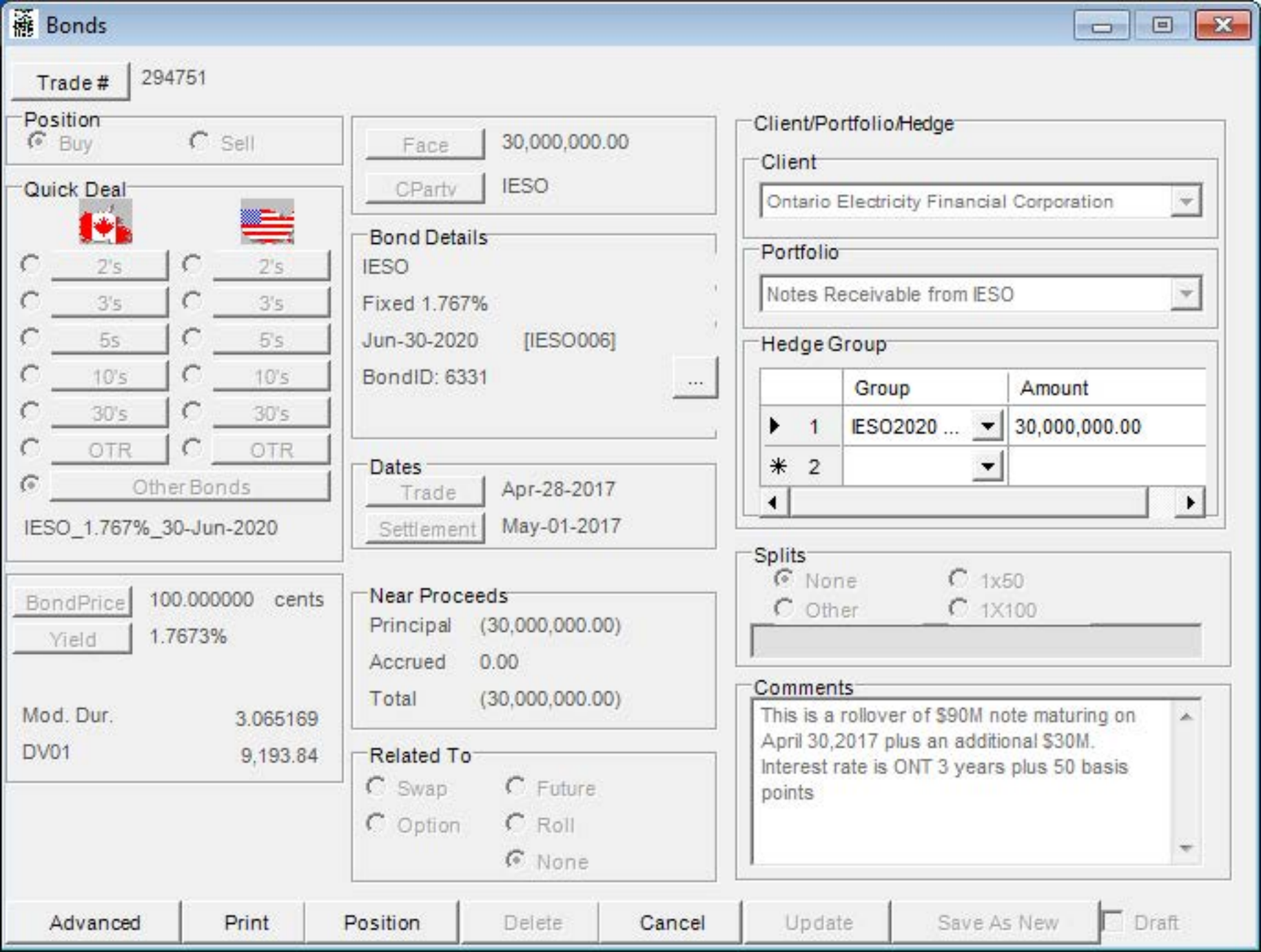

Bonds
Trade #
294750
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice
100.000000
cents
Yield
1.7673%
Mod. Dur.
3.067766
DV01
27,604.90
Face
90,000,000.00
CParty
IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020
[IESO005]
BondID: 6330
...
Dates
Trade
Apr-28-2017
Settlement
Apr-30-2017
Near Proceeds
Principal
(90,000,000.00)
Accrued
0.00
Total
(90,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
90,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft


Bonds
Trade #
294751
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice
100.000000
cents
Yield
1.7673%
Mod. Dur.
3.065169
DV01
9,193.84
Face
30,000,000.00
CParty
IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020
[IESO006]
BondID: 6331
...
Dates
Trade
Apr-28-2017
Settlement
May-01-2017
Near Proceeds
Principal
(30,000,000.00)
Accrued
0.00
Total
(30,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
30,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft

Cash Flows

Show Cash Flows Based On This Notional: 90,000,000

Format: Business

Filters: ☑ Show Calc ☑ Show Pay ☑ Show Reset ☐ Show Technical Dates

Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Principal Pay	Days
			May-01-2017				Issue	CAD	90,000,000.00			
May-01-2017				1.767			Reset					
	Apr-30-2017	Jun-30-2017		1.767	0.295307		Calc/Compound	CAD		265,776.16		
			Jun-30-2017	1.767			Payment	CAD	265,776.16	265,776.16		
Jun-30-2017				1.767			Reset					
	Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jan-02-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Jan-02-2018				1.767			Reset					
	Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jul-03-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Jul-03-2018				1.767			Reset					
	Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Dec-31-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Dec-31-2018				1.767			Reset					
	Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jul-02-2019	1.767			Payment	CAD	795,150.00	795,150.00		
Jul-02-2019				1.767			Reset					
	Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Dec-31-2019	1.767			Payment	CAD	795,150.00	795,150.00		
Dec-31-2019				1.767			Reset					
	Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jun-30-2020	1.767			Payment	CAD	795,150.00	795,150.00		
			Jun-30-2020				Maturity	CAD	90,000,000.00		90,000,000.00	

Manual Rate Reset

Unadj Reset Date:

Rate (before spread) %: 0.000000 Apply

OK Cancel

Cash Flows

Show Cash Flows Based On This Notional: 30,000,000

Format: Business

Filters: ☑ Show Calc ☑ Show Pay ☑ Show Reset ☐ Show Technical D

Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Pri
			May-01-2017				Issue	CAD	30,000,000.00		
May-01-2017				1.767			Reset				
	May-01-2017	Jun-30-2017		1.767	0.290466		Calc/Compound	CAD		87,139.73	
			Jun-30-2017	1.767			Payment	CAD	87,139.73	87,139.73	
Jun-30-2017				1.767			Reset				
	Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jan-02-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jan-02-2018				1.767			Reset				
	Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jul-03-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-03-2018				1.767			Reset				
	Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Dec-31-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2018				1.767			Reset				
	Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jul-02-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-02-2019				1.767			Reset				
	Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Dec-31-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2019				1.767			Reset				
	Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jun-30-2020	1.767			Payment	CAD	265,050.00	265,050.00	
			Jun-30-2020				Maturity	CAD	30,000,000.00		

Manual Rate Reset

Unadj Reset Date:

Rate (before spread) %: 0.000000 Apply

OK Cancel

Independent Electricity System Operator (IESO)

OEFC $120MM Corp Note Payable:

Loan Date	Int Pmt Date	Principal Amount	Interest Rate	Int Pmt Amount	Period
01-May-17	30-Jun-17	$ 120,000,000.00	1.7673%	$ 348,618.08	May to Jun
30-Jun-17	01-Jan-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
01-Jan-18	02-Jul-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
02-Jul-18	31-Dec-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
31-Dec-18	01-Jul-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
01-Jul-19	30-Dec-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

From: Kelly Listoe
To: Sarah Harris
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Date: Friday, May 05, 2017 11:47:56 AM
Attachments: image001.png
image002.png
image003.png
image004.png
image005.png

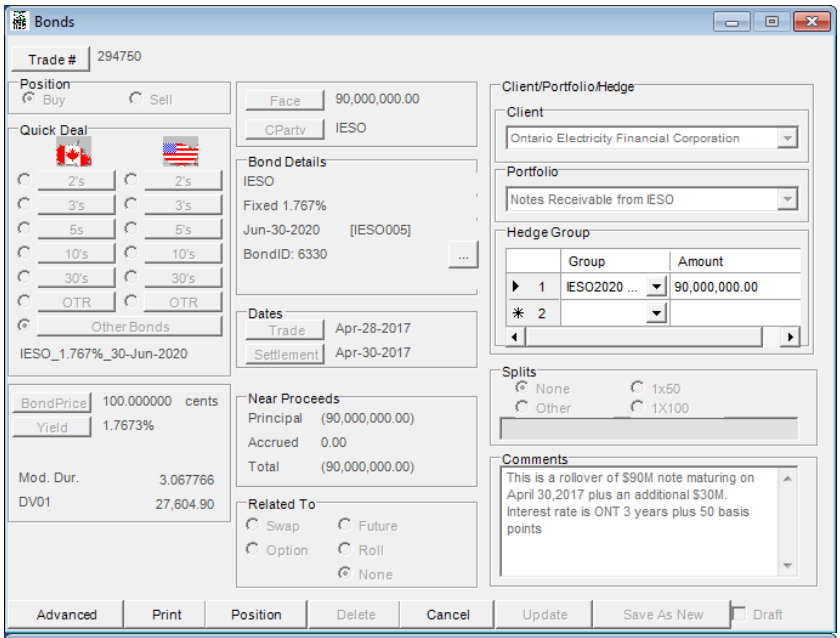
Yes. That makes sense. I confirmed it in the docs. What Carlos shows is correct.
We were really in the weeds on this one start to finish.
Kelly

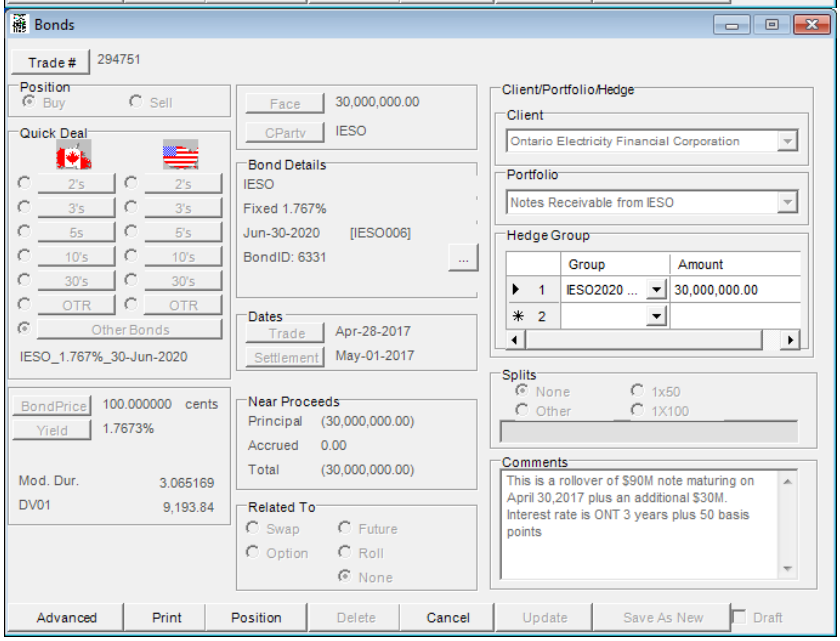
From: Sarah Harris
Sent: Friday, May 05, 2017 11:45 AM
To: Kelly Listoe
Cc: Nurudin Kaba ; LeRoy Ahyee
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Hi Kelly,
Unless the agreement (or any docs) specifies rounding the decimal to 3 places (which I don't think is the case), we go with what Carlos' input. If I recall, OEFC simply gets to set the rate. Once you scan through the docs to confirm, you can reply to Olga to that OFA's rate is correct.
Thank you all for your help in resolving this.
Sarah

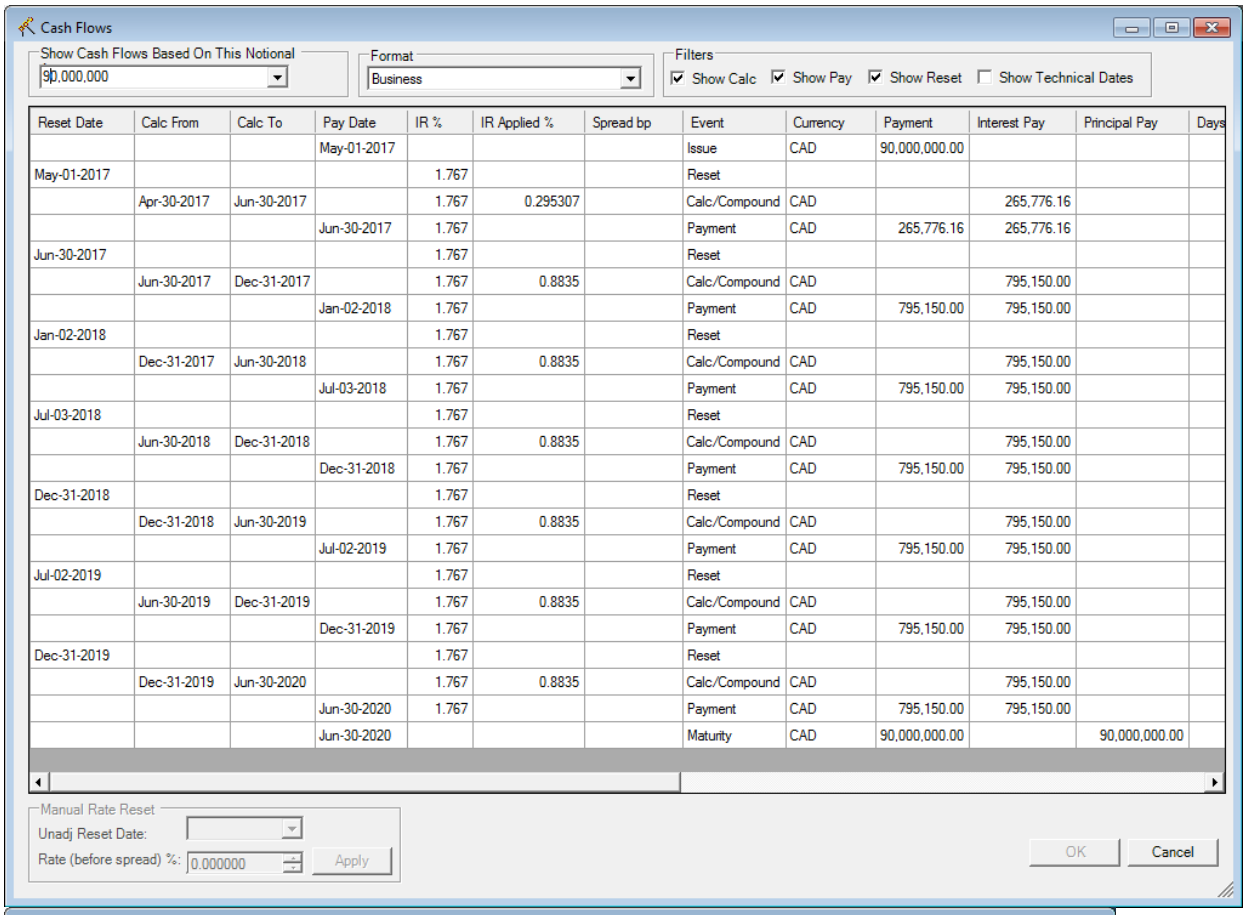
From: Kelly Listoe
Sent: Friday, May 05, 2017 11:28 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>; LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>
Subject: FW: IESO $120MM Note - Interest Payment Schedule
Mystery solved, but should we note use the rate on the note of 1.7673%?
Kelly

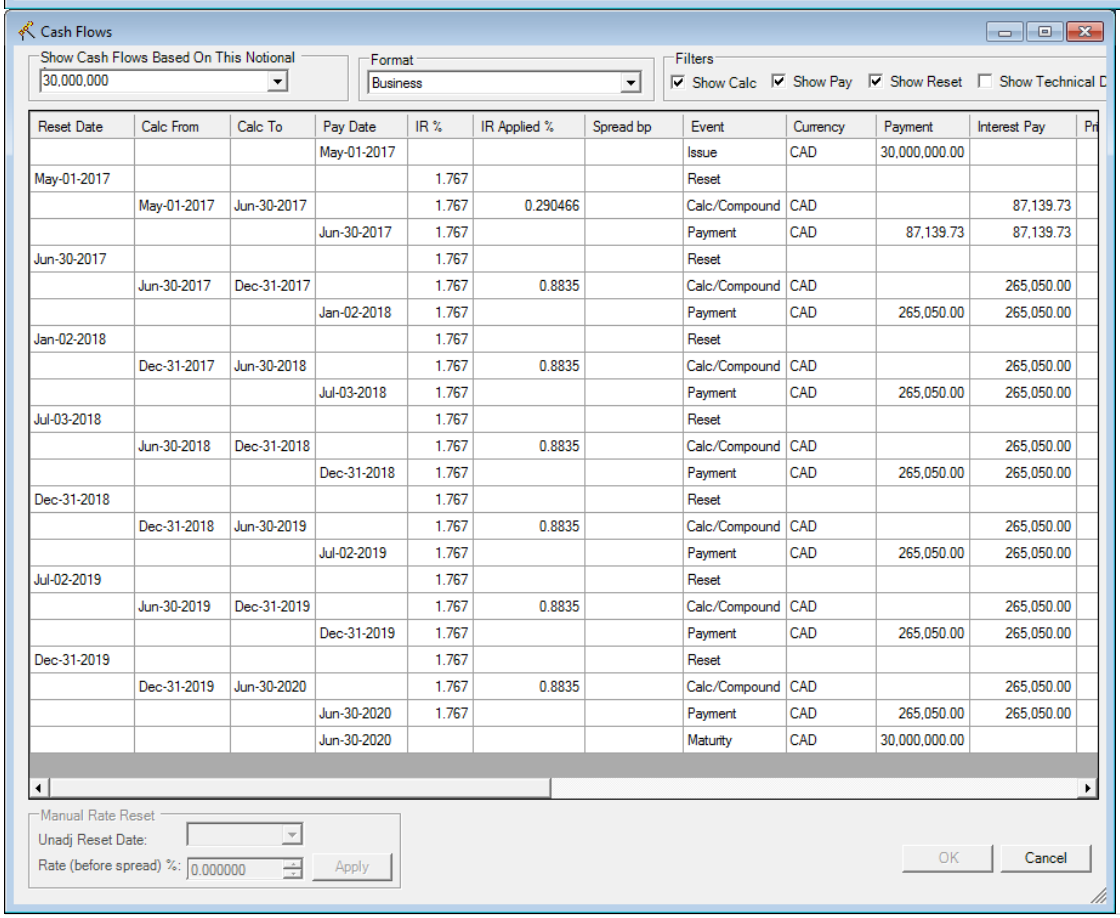
From: Kelly Listoe
Sent: Friday, May 05, 2017 11:27 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule
The difference is 1 day of interest plus 1.767% vs 1.7673%. The note has 1.7673% on it.

From: Carlos Yep
Sent: Friday, May 05, 2017 11:26 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Kelly
Attached are the cashflows and my ITS tickets.
Jun30,2017 $265,776.16 + 87,139.73 = $352.915.89
90M X 1.767% X 61/365 + 30M X 1.767%x60/365
Dec31,2017 $795,150.00 +265,050.00 = $1,060,200
90M X 1.767% X 0.5 + 30M X 1.767% x 0.5
the IESO calculation are different because
(1) using 1.7673% instead of 1.767%
(2)not calculating an extra day on $90M
Jun30,2017 $261,463.56 + 87,154.52 = $348.618.08
90M X 1.7673% X 60/365 + 30M X 1.7673%x60/365
Dec31,2017 $795,285.00 +265,095.00 = $1,060,380
90M X 1.7673% X 0.5 + 30M X 1.7673% x 0.5


Bonds
Trade # 294750
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice 100.000000 cents
Yield 1.7673%
Mod. Dur. 3.067766
DV01 27,604.90
Face 90,000,000.00
CPartv IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020 [IESO005]
BondID: 6330
Dates
Trade Apr-28-2017
Settlement Apr-30-2017
Near Proceeds
Principal (90,000,000.00)
Accrued 0.00
Total (90,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
90,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft


Bonds
Trade # 294751
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice 100.000000 cents
Yield 1.7673%
Mod. Dur. 3.065169
DV01 9,193.84
Face 30,000,000.00
CPartv IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020 [IESO006]
BondID: 6331
Dates
Trade Apr-28-2017
Settlement May-01-2017
Near Proceeds
Principal (30,000,000.00)
Accrued 0.00
Total (30,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
30,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft


Cash Flows
Show Cash Flows Based On This Notional
90,000,000
Format
Business
Filters
Show Calc
Show Pay
Show Reset
Show Technical Dates
Reset Date | Calc From | Calc To | Pay Date | IR % | IR Applied % | Spread bp | Event | Currency | Payment | Interest Pay | Principal Pay | Days
May-01-2017 | | | May-01-2017 | | | | Issue | CAD | 90,000,000.00 | | |
			1.767			Reset				
Apr-30-2017	Jun-30-2017		1.767	0.295307		Calc/Compound	CAD		265,776.16	
		Jun-30-2017	1.767			Payment	CAD	265,776.16	265,776.16	
Jun-30-2017				1.767			Reset				
Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jan-02-2018	1.767			Payment	CAD	795,150.00	795,150.00	
Jan-02-2018				1.767			Reset				
Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jul-03-2018	1.767			Payment	CAD	795,150.00	795,150.00	
Jul-03-2018				1.767			Reset				
Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Dec-31-2018	1.767			Payment	CAD	795,150.00	795,150.00	
Dec-31-2018				1.767			Reset				
Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jul-02-2019	1.767			Payment	CAD	795,150.00	795,150.00	
Jul-02-2019				1.767			Reset				
Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Dec-31-2019	1.767			Payment	CAD	795,150.00	795,150.00	
Dec-31-2019				1.767			Reset				
Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jun-30-2020	1.767			Payment	CAD	795,150.00	795,150.00	
		Jun-30-2020				Maturity	CAD	90,000,000.00		90,000,000.00
Manual Rate Reset
Unadj Reset Date:
Rate (before spread) %:
0.000000
Apply
OK
Cancel


Cash Flows
Show Cash Flows Based On This Notional
30,000,000
Format
Business
Filters
Show Calc
Show Pay
Show Reset
Show Technical D
Reset Date | Calc From | Calc To | Pay Date | IR % | IR Applied % | Spread bp | Event | Currency | Payment | Interest Pay | Pr
May-01-2017 | | | May-01-2017 | | | | Issue | CAD | 30,000,000.00 | |
			1.767			Reset				
May-01-2017	Jun-30-2017		1.767	0.290466		Calc/Compound	CAD		87,139.73	
		Jun-30-2017	1.767			Payment	CAD	87,139.73	87,139.73	
Jun-30-2017				1.767			Reset				
Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jan-02-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jan-02-2018				1.767			Reset				
Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jul-03-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-03-2018				1.767			Reset				
Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Dec-31-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2018				1.767			Reset				
Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jul-02-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-02-2019				1.767			Reset				
Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Dec-31-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2019				1.767			Reset				
Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jun-30-2020	1.767			Payment	CAD	265,050.00	265,050.00	
		Jun-30-2020				Maturity	CAD	30,000,000.00		
Manual Rate Reset
Unadj Reset Date:
Rate (before spread) %:
0.000000
Apply
OK
Cancel

From: Kelly Listoe
Sent: Thursday, May 04, 2017 3:33 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: IESO $120MM Note - Interest Payment Schedule

Hi Carlos

I received this request from Olga at IESO and I am at home today. Do you have access to the system to verify what this should be (officially)? When I calculate at home on my calculator, it seems a bit out.

Kelly

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Thursday, May 04, 2017 3:22 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: IESO $120MM Note - Interest Payment Schedule

Hi Kelly, would you be able to confirm if you agree with the interest payment schedule below:

Independent Electricity System Operator (IESO)

OEFC $120MM Corp Note Payable:

Loan Date	Int Pmt Date	Principal Amount	Interest Rate	Int Pmt Amount	Period
01-May-17	30-Jun-17	$ 120,000,000.00	1.7673%	$ 348,618.08	May to Jun
30-Jun-17	01-Jan-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
01-Jan-18	02-Jul-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
02-Jul-18	31-Dec-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
31-Dec-18	01-Jul-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
01-Jul-19	30-Dec-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

Thanks!

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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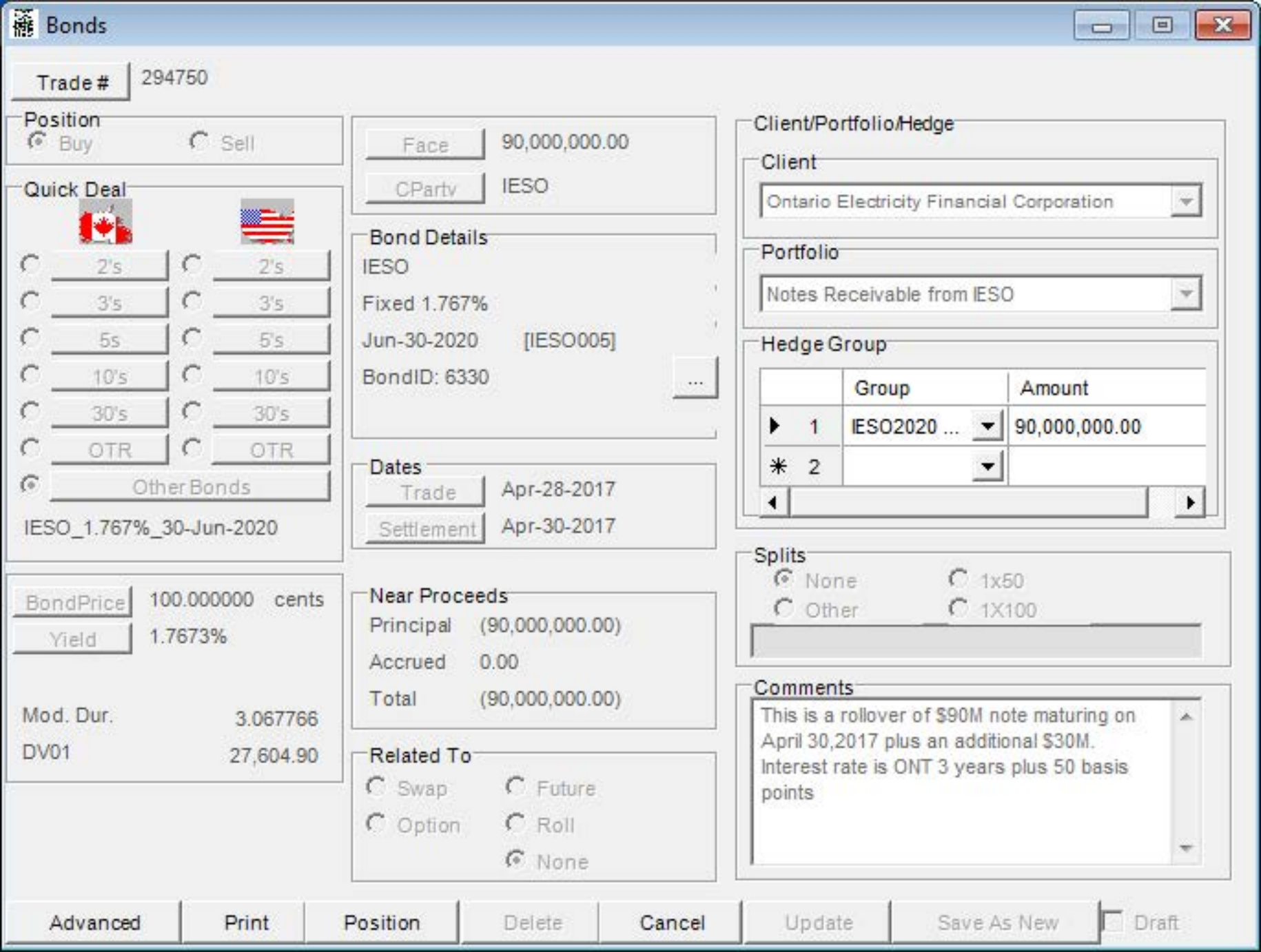
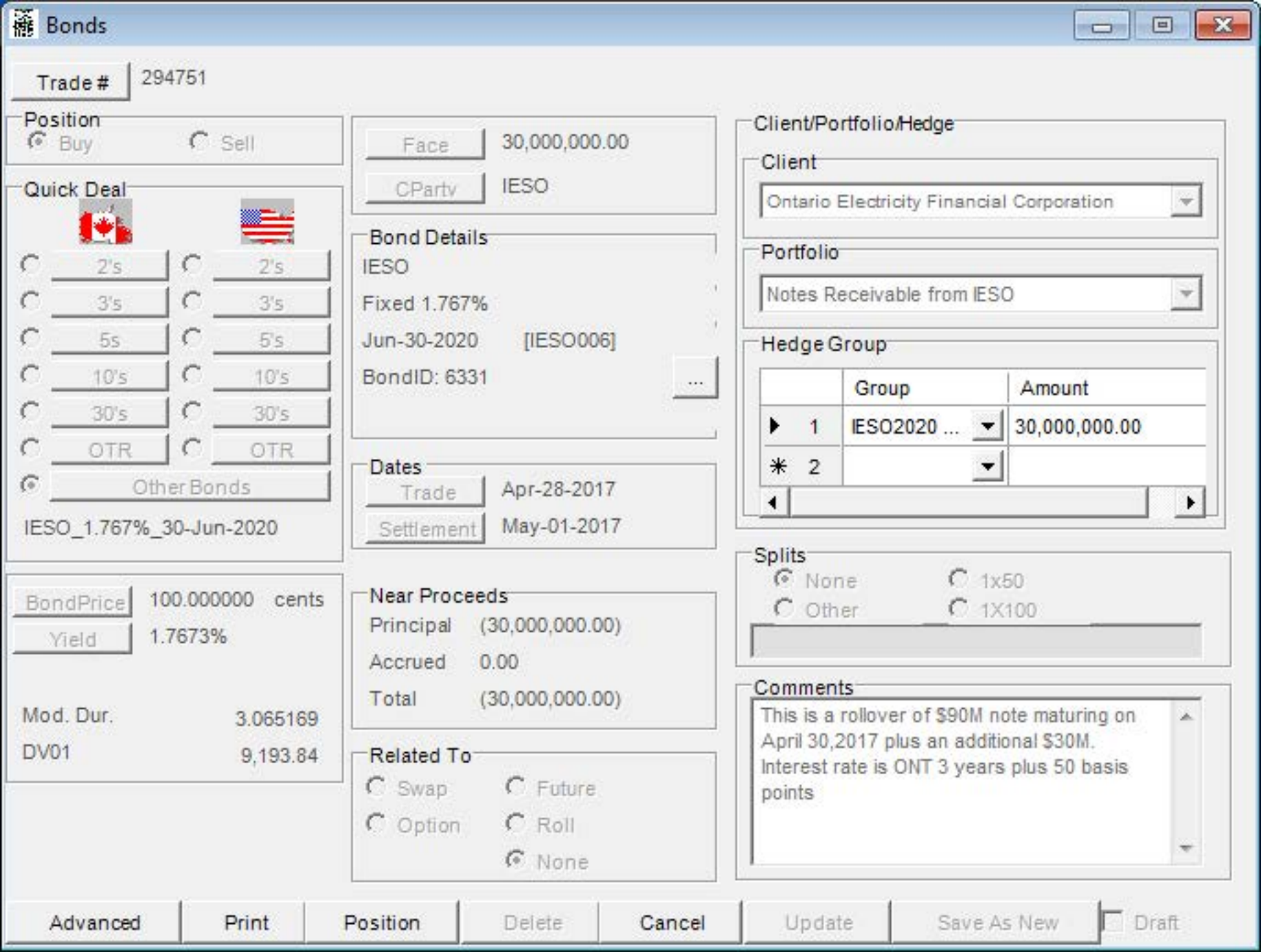

Bonds
Trade #
294750
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice
100.000000
cents
Yield
1.7673%
Mod. Dur.
3.067766
DV01
27,604.90
Face
90,000,000.00
CParty
IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020
[IESO005]
BondID: 6330
...
Dates
Trade
Apr-28-2017
Settlement
Apr-30-2017
Near Proceeds
Principal
(90,000,000.00)
Accrued
0.00
Total
(90,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
90,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft


Bonds
Trade #
294751
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice
100.000000
cents
Yield
1.7673%
Mod. Dur.
3.065169
DV01
9,193.84
Face
30,000,000.00
CParty
IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020
[IESO006]
BondID: 6331
...
Dates
Trade
Apr-28-2017
Settlement
May-01-2017
Near Proceeds
Principal
(30,000,000.00)
Accrued
0.00
Total
(30,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
30,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft

Cash Flows

Show Cash Flows Based On This Notional: 90,000,000

Format: Business

Filters: ☑ Show Calc ☑ Show Pay ☑ Show Reset ☐ Show Technical Dates

Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Principal Pay	Days
			May-01-2017				Issue	CAD	90,000,000.00			
May-01-2017				1.767			Reset					
	Apr-30-2017	Jun-30-2017		1.767	0.295307		Calc/Compound	CAD		265,776.16		
			Jun-30-2017	1.767			Payment	CAD	265,776.16	265,776.16		
Jun-30-2017				1.767			Reset					
	Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jan-02-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Jan-02-2018				1.767			Reset					
	Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jul-03-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Jul-03-2018				1.767			Reset					
	Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Dec-31-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Dec-31-2018				1.767			Reset					
	Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jul-02-2019	1.767			Payment	CAD	795,150.00	795,150.00		
Jul-02-2019				1.767			Reset					
	Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Dec-31-2019	1.767			Payment	CAD	795,150.00	795,150.00		
Dec-31-2019				1.767			Reset					
	Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jun-30-2020	1.767			Payment	CAD	795,150.00	795,150.00		
			Jun-30-2020				Maturity	CAD	90,000,000.00		90,000,000.00	

Manual Rate Reset

Unadj Reset Date:

Rate (before spread) %: 0.000000 Apply

OK Cancel

Cash Flows

Show Cash Flows Based On This Notional: 30,000,000

Format: Business

Filters: ☑ Show Calc ☑ Show Pay ☑ Show Reset ☐ Show Technical D

Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Pri
			May-01-2017				Issue	CAD	30,000,000.00		
May-01-2017				1.767			Reset				
	May-01-2017	Jun-30-2017		1.767	0.290466		Calc/Compound	CAD		87,139.73	
			Jun-30-2017	1.767			Payment	CAD	87,139.73	87,139.73	
Jun-30-2017				1.767			Reset				
	Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jan-02-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jan-02-2018				1.767			Reset				
	Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jul-03-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-03-2018				1.767			Reset				
	Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Dec-31-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2018				1.767			Reset				
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			Jul-02-2019	1.767			Payment	CAD	265,050.00	265,050.00	
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			Dec-31-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2019				1.767			Reset				
	Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jun-30-2020	1.767			Payment	CAD	265,050.00	265,050.00	
			Jun-30-2020				Maturity	CAD	30,000,000.00		

Manual Rate Reset

Unadj Reset Date:

Rate (before spread) %: 0.000000 Apply

OK Cancel

Independent Electricity System Operator (IESO)

OEFC $120MM Corp Note Payable:

Loan Date	Int Pmt Date	Principal Amount	Interest Rate	Int Pmt Amount	Period
01-May-17	30-Jun-17	$ 120,000,000.00	1.7673%	$ 348,618.08	May to Jun
30-Jun-17	01-Jan-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
01-Jan-18	02-Jul-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
02-Jul-18	31-Dec-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
31-Dec-18	01-Jul-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
01-Jul-19	30-Dec-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

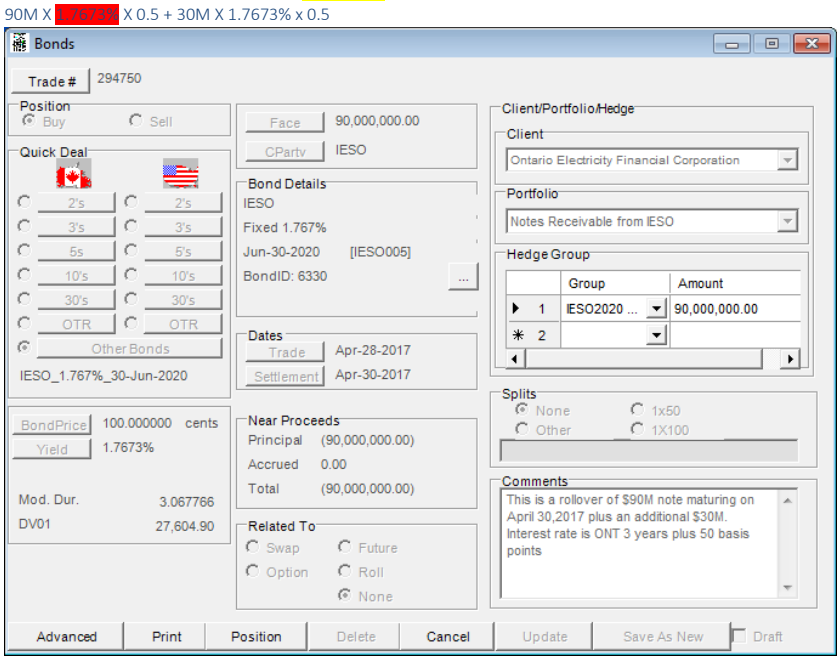
From: Sarah Harris
To: Kelly Listoe
Cc: Nurudin Kaba; LeRoy Ahyee
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Date: Friday, May 05, 2017 11:45:06 AM
Attachments: image001.png
image002.png
image003.png
image004.png
image005.png

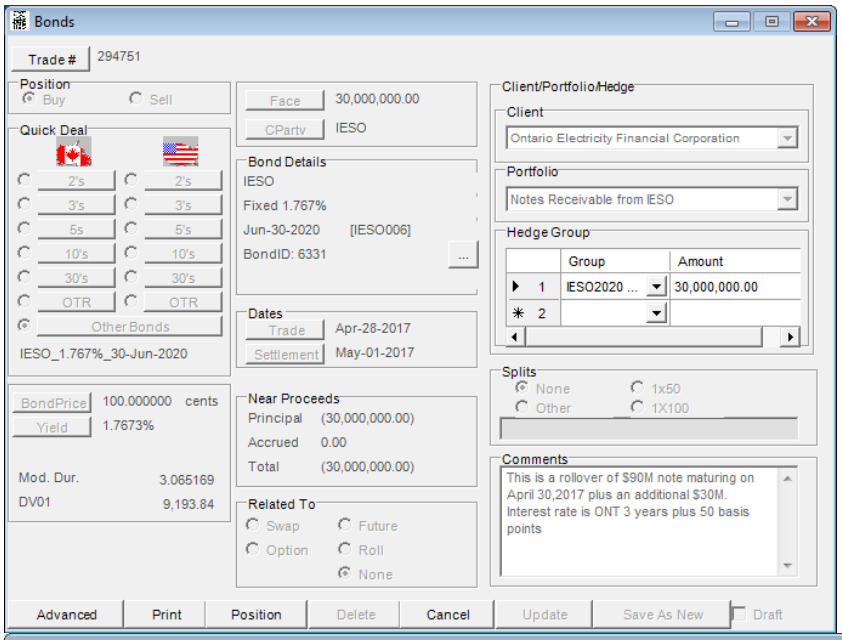
Hi Kelly,
Unless the agreement (or any docs) specifies rounding the decimal to 3 places (which I don't think is the case), we go with what Carlos' input. If I recall, OEFC simply gets to set the rate. Once you scan through the docs to confirm, you can reply to Olga to that OFA's rate is correct.
Thank you all for your help in resolving this.
Sarah

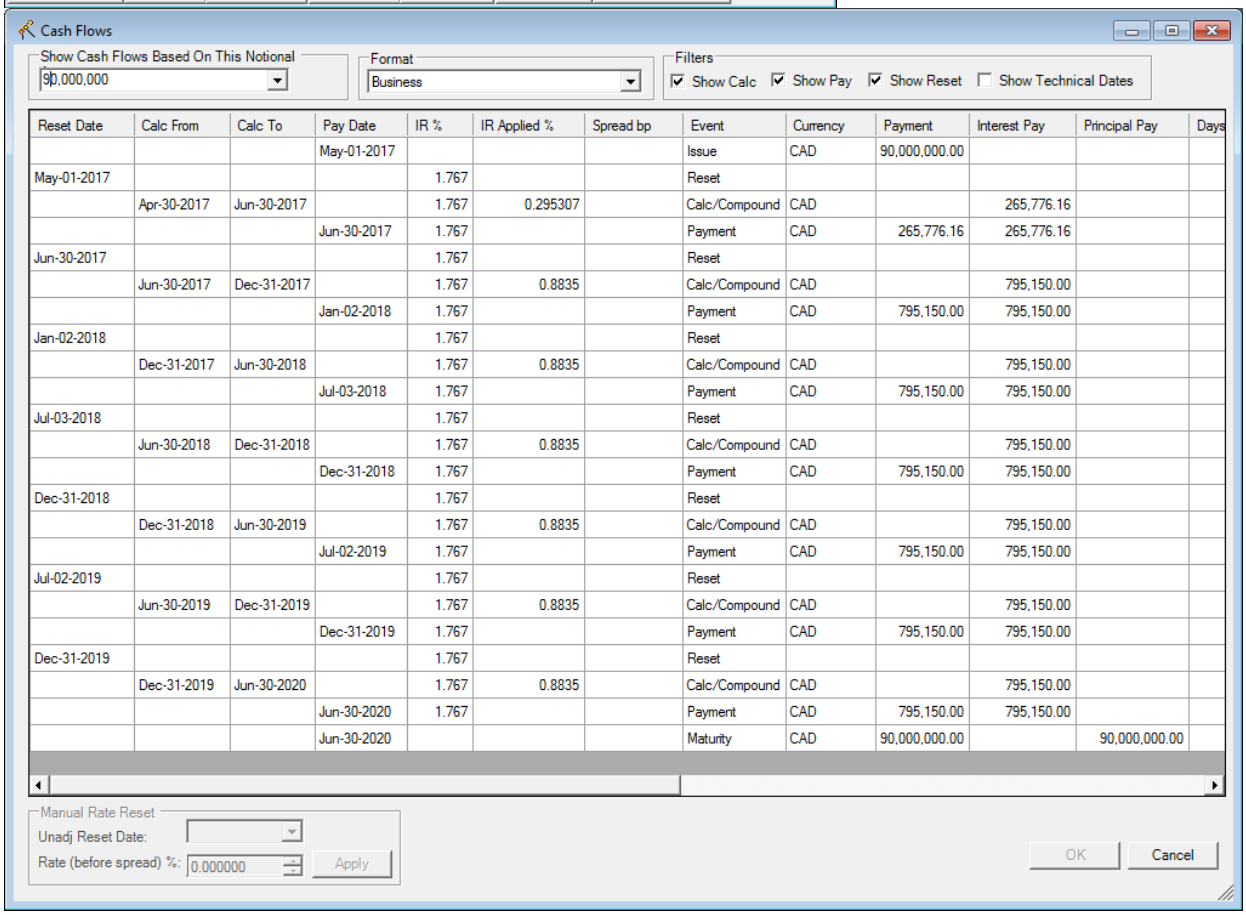
From: Kelly Listoe
Sent: Friday, May 05, 2017 11:28 AM
To: Sarah Harris
Cc: Nurudin Kaba ; LeRoy Ahyee
Subject: FW: IESO $120MM Note - Interest Payment Schedule
Mystery solved, but should we note use the rate on the note of 1.7673%?
Kelly

From: Kelly Listoe
Sent: Friday, May 05, 2017 11:27 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule
The difference is 1 day of interest plus 1.767% vs 1.7673%. The note has 1.7673% on it.

From: Carlos Yep
Sent: Friday, May 05, 2017 11:26 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Kelly
Attached are the cashflows and my ITS tickets.
Jun30,2017 $265,776.16 + 87,139.73 = $352.915.89
90M X 1.767% X 61/365 + 30M X 1.767%x60/365
Dec31,2017 $795,150.00 +265,050.00 = $1,060,200
90M X 1.767% X 0.5 + 30M X 1.767% x 0.5
the IESO calculation are different because
(1) using 1.7673% instead of 1.767%
(2)not calculating an extra day on $90M
Jun30,2017 $261,463.56 + 87,154.52 = $348.618.08
90M X 1.7673% X 60/365 + 30M X 1.7673%x60/365
Dec31,2017 $795,285.00 +265,095.00 = $1,060,380
90M X 1.7673% X 0.5 + 30M X 1.7673% x 0.5







Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Principal Pay	Days
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May-01-2017				1.767			Reset					
	Apr-30-2017	Jun-30-2017		1.767	0.295307		Calc/Compound	CAD		265,776.16		
			Jun-30-2017	1.767			Payment	CAD	265,776.16	265,776.16		
Jun-30-2017				1.767			Reset					
	Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jan-02-2018	1.767			Payment	CAD	795,150.00	795,150.00		
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			Dec-31-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Dec-31-2018				1.767			Reset					
	Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jul-02-2019	1.767			Payment	CAD	795,150.00	795,150.00		
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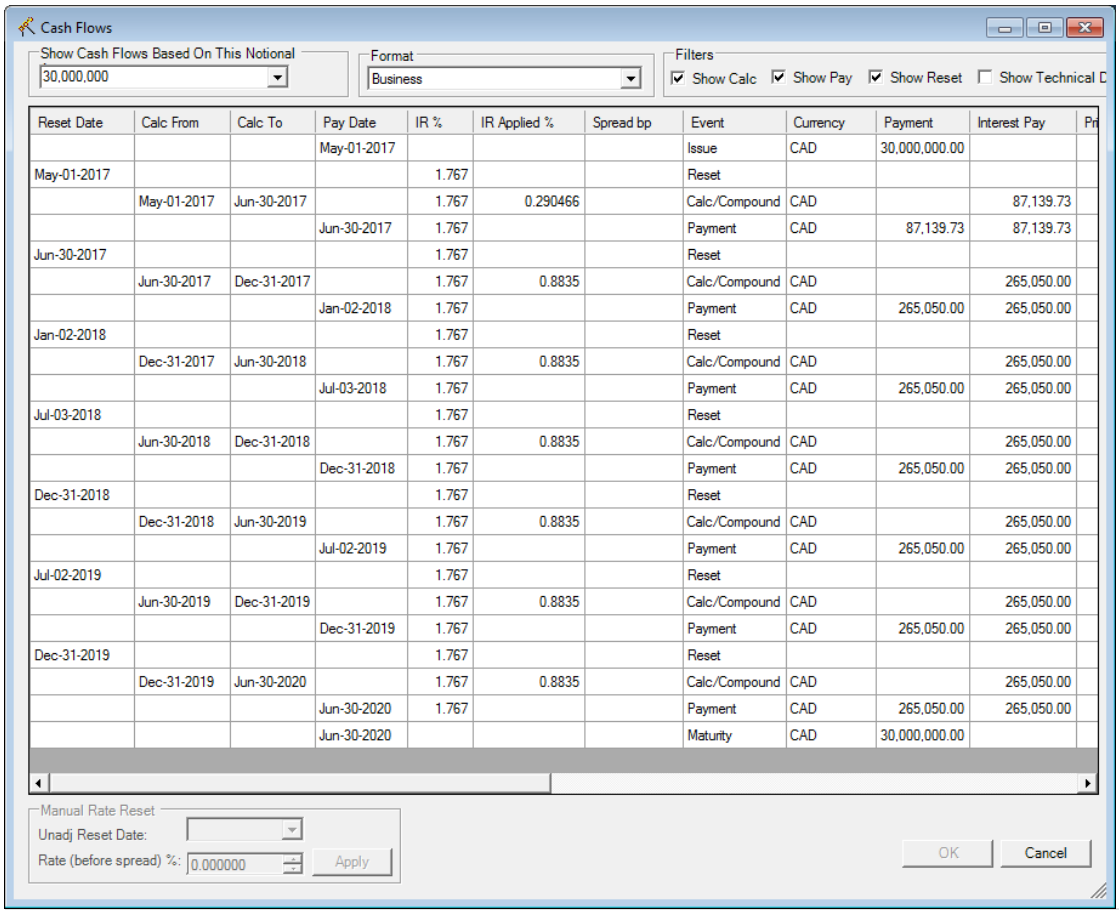
			Jun-30-2020	1.767			Payment	CAD	795,150.00	795,150.00		
			Jun-30-2020				Maturity	CAD	90,000,000.00		90,000,000.00	



Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Pr
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May-01-2017				1.767			Reset				
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			Jun-30-2017	1.767			Payment	CAD	87,139.73	87,139.73	
Jun-30-2017				1.767			Reset				
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	Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jun-30-2020	1.767			Payment	CAD	265,050.00	265,050.00	
			Jun-30-2020				Maturity	CAD	30,000,000.00		

From: Kelly Listoe
Sent: Thursday, May 04, 2017 3:33 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: IESO $120MM Note - Interest Payment Schedule

Hi Carlos

I received this request from Olga at IESO and I am at home today. Do you have access to the system to verify what this should be (officially)? When I calculate at home on my calculator, it seems a bit out.

Kelly

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Thursday, May 04, 2017 3:22 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: IESO $120MM Note - Interest Payment Schedule

Hi Kelly, would you be able to confirm if you agree with the interest payment schedule below:

Independent Electricity System Operator (IESO)

OEFC $120MM Corp Note Payable:

Loan Date	Int Pmt Date	Principal Amount	Interest Rate	Int Pmt Amount	Period
01-May-17	30-Jun-17	$ 120,000,000.00	1.7673%	$ 348,618.08	May to Jun
30-Jun-17	01-Jan-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
01-Jan-18	02-Jul-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
02-Jul-18	31-Dec-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
31-Dec-18	01-Jul-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
01-Jul-19	30-Dec-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

Thanks!

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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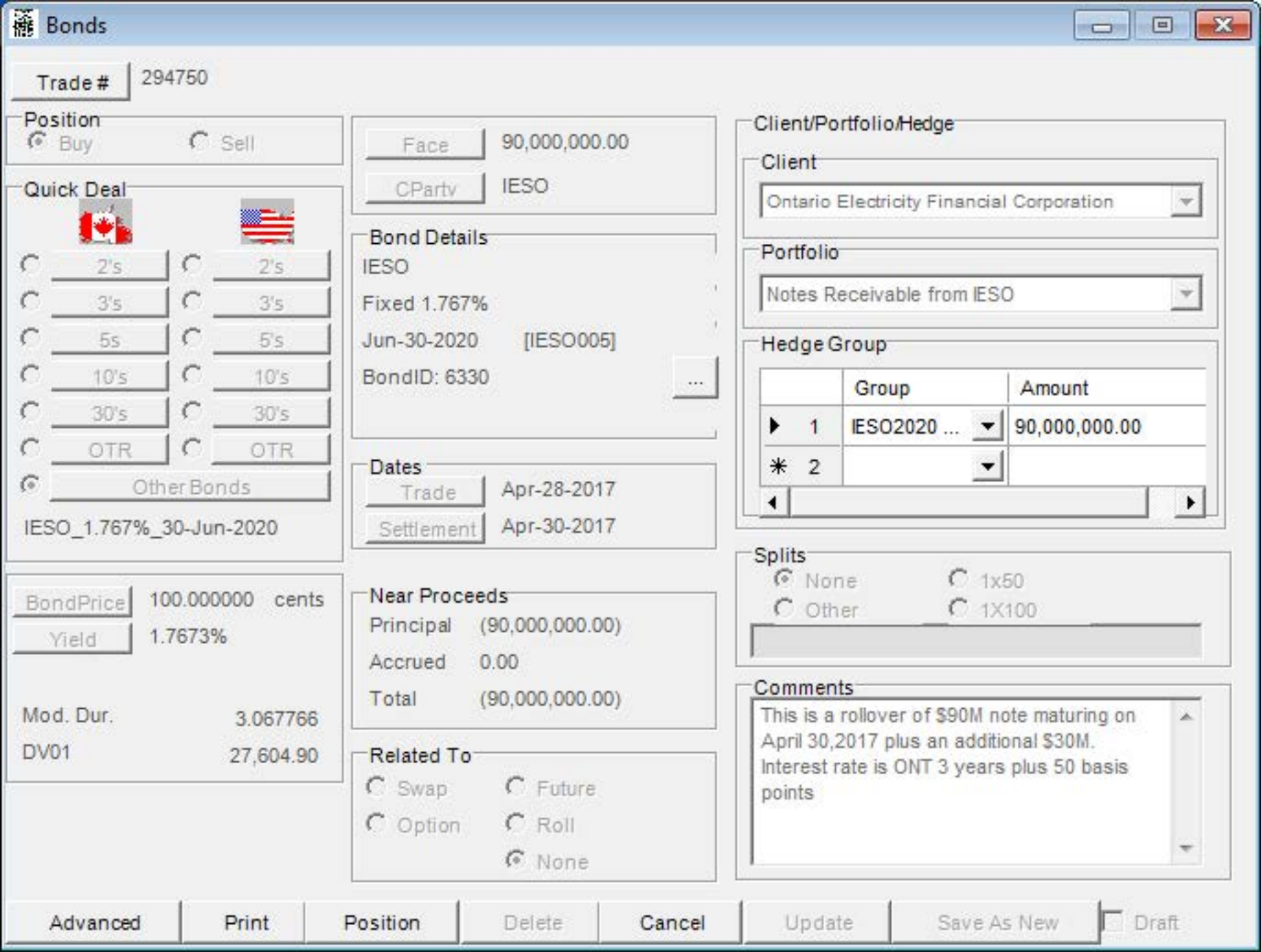
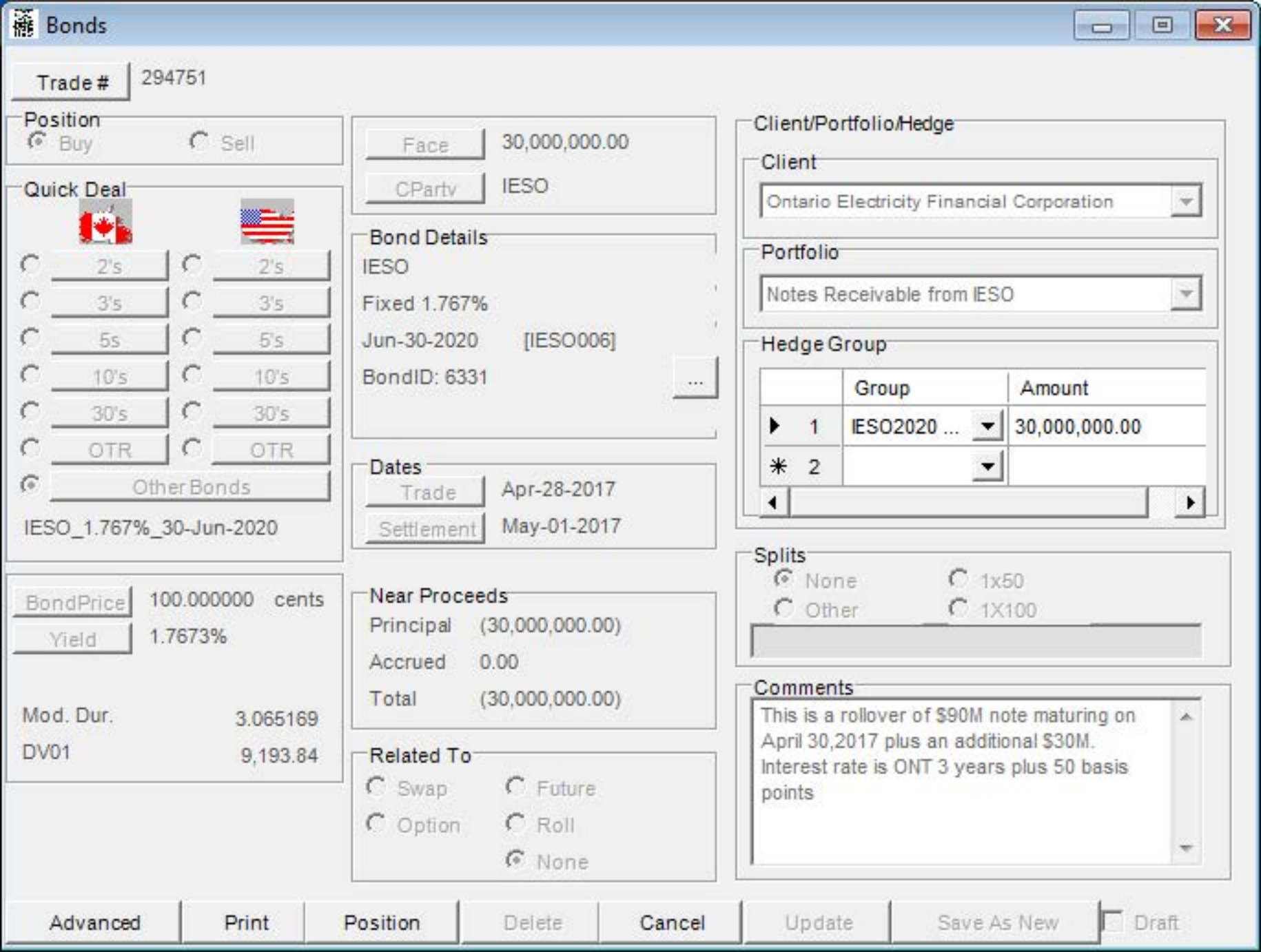
the sender immediately and delete this e-mail message.


Bonds
Trade #
294750
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice
100.000000
cents
Yield
1.7673%
Mod. Dur.
3.067766
DV01
27,604.90
Face
90,000,000.00
CParty
IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020
[IESO005]
BondID: 6330
...
Dates
Trade
Apr-28-2017
Settlement
Apr-30-2017
Near Proceeds
Principal
(90,000,000.00)
Accrued
0.00
Total
(90,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
90,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft


Bonds
Trade #
294751
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice
100.000000
cents
Yield
1.7673%
Mod. Dur.
3.065169
DV01
9,193.84
Face
30,000,000.00
CParty
IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020
[IESO006]
BondID: 6331
...
Dates
Trade
Apr-28-2017
Settlement
May-01-2017
Near Proceeds
Principal
(30,000,000.00)
Accrued
0.00
Total
(30,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
30,000,000.00
2
Splits
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1x50
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Comments
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Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft

Cash Flows

Show Cash Flows Based On This Notional: 90,000,000

Format: Business

Filters: ☑ Show Calc ☑ Show Pay ☑ Show Reset ☐ Show Technical Dates

Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Principal Pay	Days
			May-01-2017				Issue	CAD	90,000,000.00			
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			Jun-30-2017	1.767			Payment	CAD	265,776.16	265,776.16		
Jun-30-2017				1.767			Reset					
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			Jan-02-2018	1.767			Payment	CAD	795,150.00	795,150.00		
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			Jun-30-2020	1.767			Payment	CAD	795,150.00	795,150.00		
			Jun-30-2020				Maturity	CAD	90,000,000.00		90,000,000.00	

Manual Rate Reset

Unadj Reset Date:

Rate (before spread) %: 0.000000 Apply

OK Cancel

Cash Flows

Show Cash Flows Based On This Notional: 30,000,000

Format: Business

Filters: ☑ Show Calc ☑ Show Pay ☑ Show Reset ☐ Show Technical D

Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Pri
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			Jun-30-2020	1.767			Payment	CAD	265,050.00	265,050.00	
			Jun-30-2020				Maturity	CAD	30,000,000.00		

Manual Rate Reset

Unadj Reset Date:

Rate (before spread) %: 0.000000 Apply

OK Cancel

Independent Electricity System Operator (IESO)

OEFC $120MM Corp Note Payable:

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From: Kelly Listoe
To: Sarah Harris
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Date: Friday, May 05, 2017 1:58:57 PM
Attachments: image001.png
image002.png
image003.png
image004.png
image005.png

Ya. I never dealt with all that admin stuff before…we just turned it over to loan admin. We have to closely examine draft directives in the future…there was stuff in there that contradicted the wat things are done it appears. Now I know that.

From: Sarah Harris
Sent: Friday, May 05, 2017 1:57 PM
To: Kelly Listoe
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Holy Hannah. I agree with you. At least we learned some stuff.
Sarah

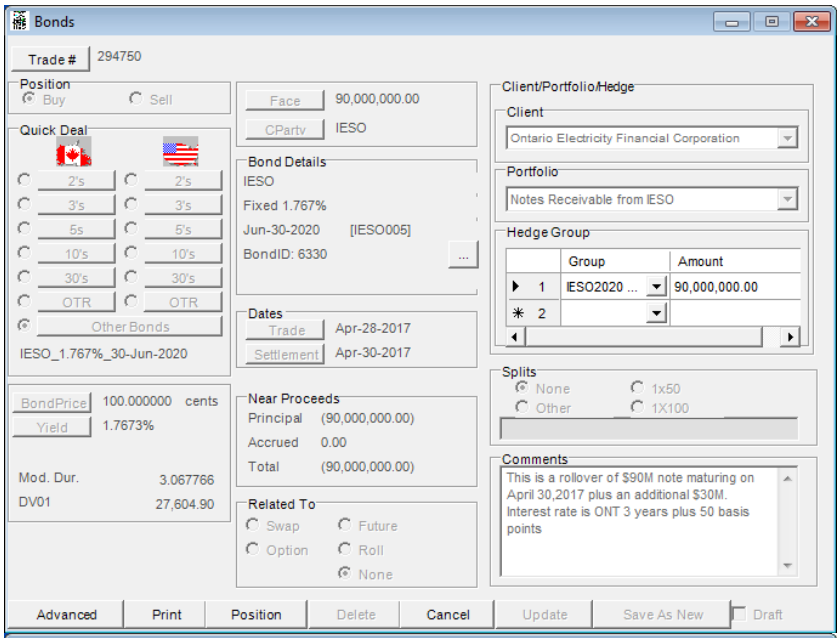
From: Kelly Listoe
Sent: Friday, May 05, 2017 11:48 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Yes. That makes sense. I confirmed it in the docs. What Carlos shows is correct.
We were really in the weeds on this one start to finish.
Kelly

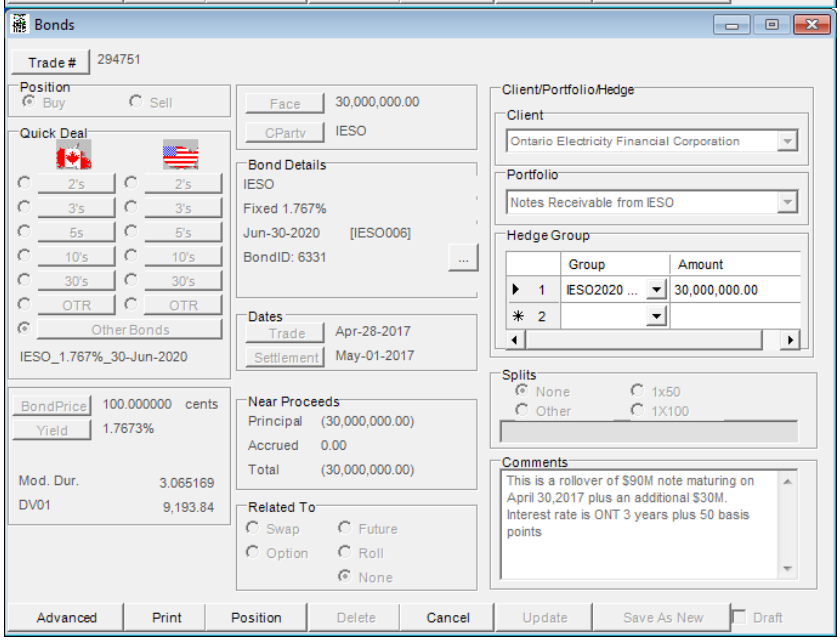
From: Sarah Harris
Sent: Friday, May 05, 2017 11:45 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>; LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Hi Kelly,
Unless the agreement (or any docs) specifies rounding the decimal to 3 places (which I don't think is the case), we go with what Carlos' input. If I recall, OEFC simply gets to set the rate. Once you scan through the docs to confirm, you can reply to Olga to that OFA's rate is correct.
Thank you all for your help in resolving this.
Sarah

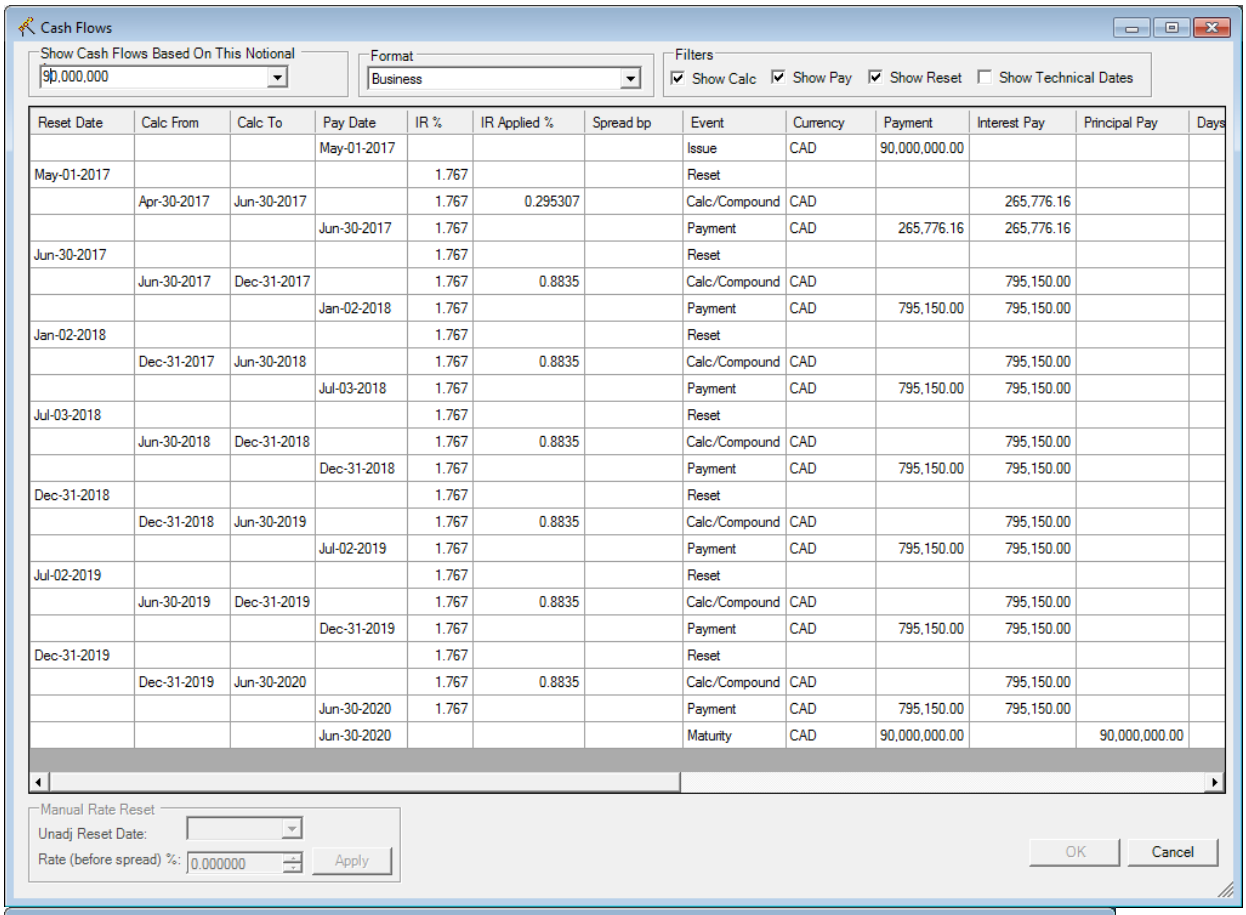
From: Kelly Listoe
Sent: Friday, May 05, 2017 11:28 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>; LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>
Subject: FW: IESO $120MM Note - Interest Payment Schedule
Mystery solved, but should we note use the rate on the note of 1.7673%?
Kelly

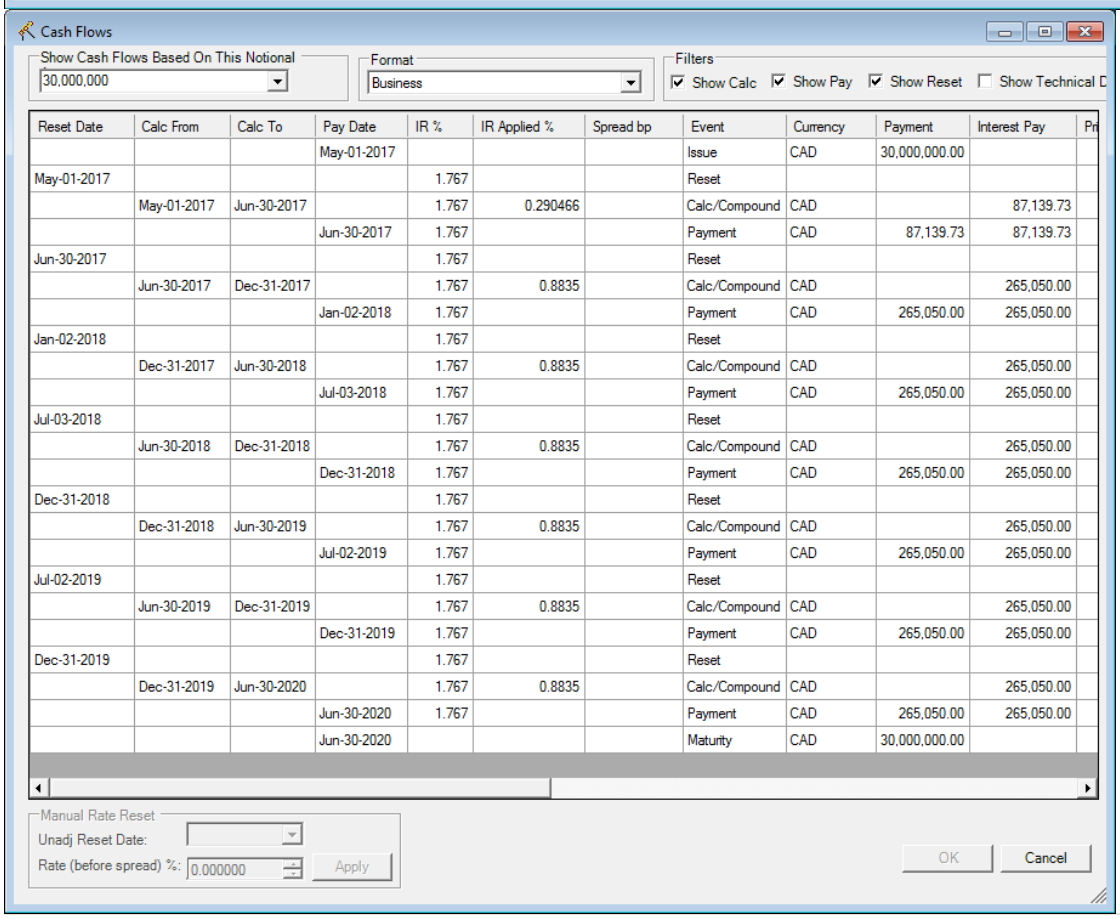
From: Kelly Listoe
Sent: Friday, May 05, 2017 11:27 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule
The difference is 1 day of interest plus 1.767% vs 1.7673%. The note has 1.7673% on it.

From: Carlos Yep
Sent: Friday, May 05, 2017 11:26 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO $120MM Note - Interest Payment Schedule
Kelly
Attached are the cashflows and my ITS tickets.
Jun30,2017 $265,776.16 + 87,139.73 = $352.915.89
90M X 1.767% X 61/365 + 30M X 1.767%x60/365
Dec31,2017 $795,150.00 +265,050.00 = $1,060,200
90M X 1.767% X 0.5 + 30M X 1.767% x 0.5
the IESO calculation are different because
(1) using 1.7673% instead of 1.767%
(2)not calculating an extra day on $90M
Jun30,2017 $261,463.56 + 87,154.52 = $348.618.08
90M X 1.7673% X 61/365 + 30M X 1.7673%x60/365
Dec31,2017 $795,285.00 +265,095.00 = $1,060,380
90M X 1.7673% X 0.5 + 30M X 1.7673% x 0.5


Bonds
Trade # 294750
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice 100.000000 cents
Yield 1.7673%
Mod. Dur. 3.067766
DV01 27,604.90
Face 90,000,000.00
CPartv IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020 [IESO005]
BondID: 6330
Dates
Trade Apr-28-2017
Settlement Apr-30-2017
Near Proceeds
Principal (90,000,000.00)
Accrued 0.00
Total (90,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
90,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft


Bonds
Trade # 294751
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice 100.000000 cents
Yield 1.7673%
Mod. Dur. 3.065169
DV01 9,193.84
Face 30,000,000.00
CPartv IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020 [IESO006]
BondID: 6331
Dates
Trade Apr-28-2017
Settlement May-01-2017
Near Proceeds
Principal (30,000,000.00)
Accrued 0.00
Total (30,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
30,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft


Cash Flows
Show Cash Flows Based On This Notional
90,000,000
Format
Business
Filters
Show Calc
Show Pay
Show Reset
Show Technical Dates
Reset Date | Calc From | Calc To | Pay Date | IR % | IR Applied % | Spread bp | Event | Currency | Payment | Interest Pay | Principal Pay | Days
May-01-2017 | | | May-01-2017 | | | | Issue | CAD | 90,000,000.00 | | |
			1.767			Reset				
Apr-30-2017	Jun-30-2017		1.767	0.295307		Calc/Compound	CAD		265,776.16	
		Jun-30-2017	1.767			Payment	CAD	265,776.16	265,776.16	
Jun-30-2017				1.767			Reset				
Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jan-02-2018	1.767			Payment	CAD	795,150.00	795,150.00	
Jan-02-2018				1.767			Reset				
Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jul-03-2018	1.767			Payment	CAD	795,150.00	795,150.00	
Jul-03-2018				1.767			Reset				
Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Dec-31-2018	1.767			Payment	CAD	795,150.00	795,150.00	
Dec-31-2018				1.767			Reset				
Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jul-02-2019	1.767			Payment	CAD	795,150.00	795,150.00	
Jul-02-2019				1.767			Reset				
Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Dec-31-2019	1.767			Payment	CAD	795,150.00	795,150.00	
Dec-31-2019				1.767			Reset				
Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		795,150.00	
		Jun-30-2020	1.767			Payment	CAD	795,150.00	795,150.00	
		Jun-30-2020				Maturity	CAD	90,000,000.00		90,000,000.00
Manual Rate Reset
Unadj Reset Date:
Rate (before spread) %:
0.000000
Apply
OK
Cancel


Cash Flows
Show Cash Flows Based On This Notional
30,000,000
Format
Business
Filters
Show Calc
Show Pay
Show Reset
Show Technical D
Reset Date | Calc From | Calc To | Pay Date | IR % | IR Applied % | Spread bp | Event | Currency | Payment | Interest Pay | Pr
May-01-2017 | | | May-01-2017 | | | | Issue | CAD | 30,000,000.00 | |
			1.767			Reset				
May-01-2017	Jun-30-2017		1.767	0.290466		Calc/Compound	CAD		87,139.73	
		Jun-30-2017	1.767			Payment	CAD	87,139.73	87,139.73	
Jun-30-2017				1.767			Reset				
Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jan-02-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jan-02-2018				1.767			Reset				
Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jul-03-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-03-2018				1.767			Reset				
Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Dec-31-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2018				1.767			Reset				
Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jul-02-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-02-2019				1.767			Reset				
Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Dec-31-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2019				1.767			Reset				
Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		265,050.00	
		Jun-30-2020	1.767			Payment	CAD	265,050.00	265,050.00	
		Jun-30-2020				Maturity	CAD	30,000,000.00		
Manual Rate Reset
Unadj Reset Date:
Rate (before spread) %:
0.000000
Apply
OK
Cancel

From: Kelly Listoe
Sent: Thursday, May 04, 2017 3:33 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: IESO $120MM Note - Interest Payment Schedule

Hi Carlos

I received this request from Olga at IESO and I am at home today. Do you have access to the system to verify what this should be (officially)? When I calculate at home on my calculator, it seems a bit out.

Kelly

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Thursday, May 04, 2017 3:22 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: IESO $120MM Note - Interest Payment Schedule

Hi Kelly, would you be able to confirm if you agree with the interest payment schedule below:

Independent Electricity System Operator (IESO)

OEFC $120MM Corp Note Payable:

Loan Date	Int Pmt Date	Principal Amount	Interest Rate	Int Pmt Amount	Period
01-May-17	30-Jun-17	$ 120,000,000.00	1.7673%	$ 348,618.08	May to Jun
30-Jun-17	01-Jan-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
01-Jan-18	02-Jul-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
02-Jul-18	31-Dec-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
31-Dec-18	01-Jul-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
01-Jul-19	30-Dec-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

Thanks!

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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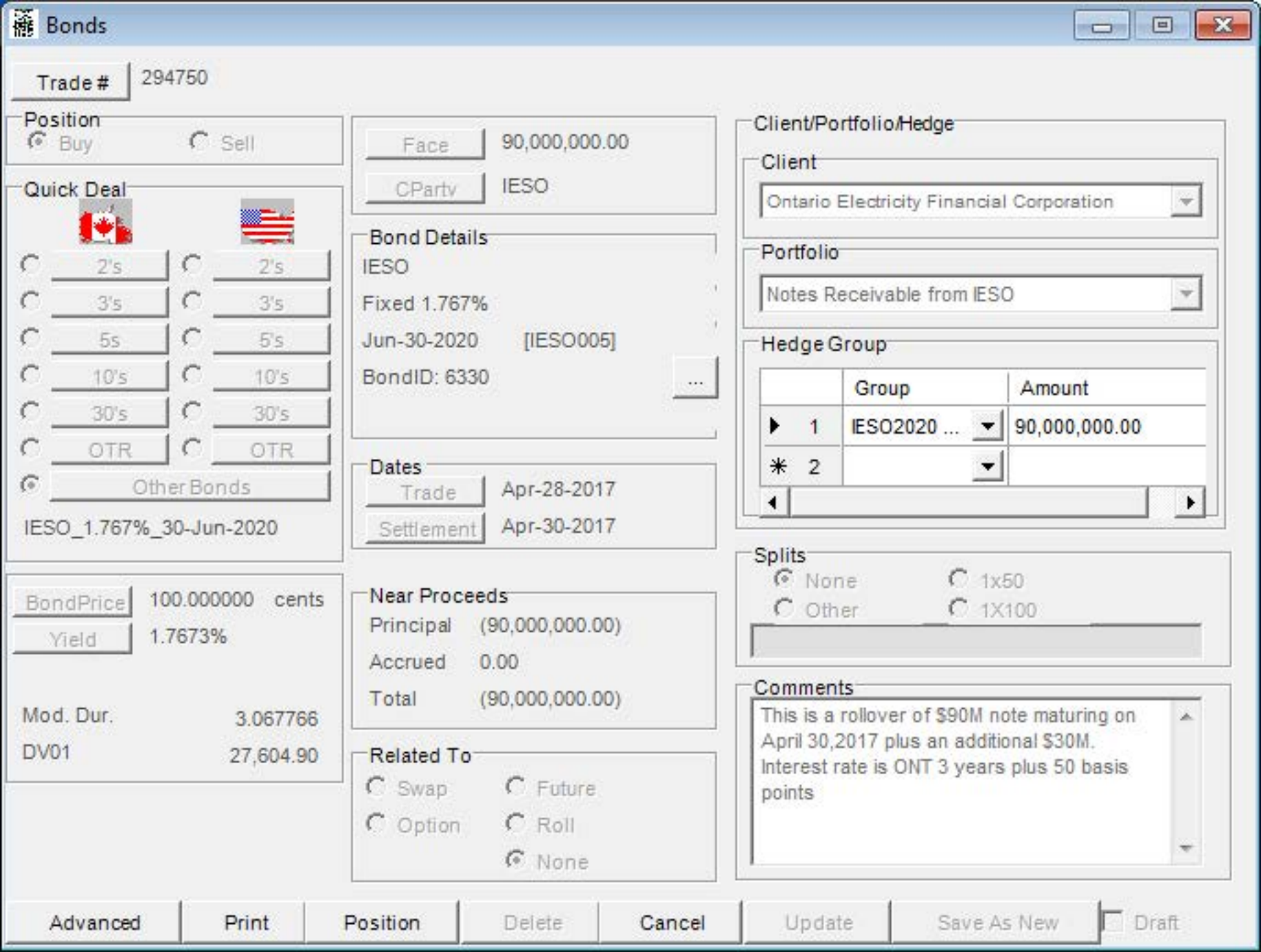
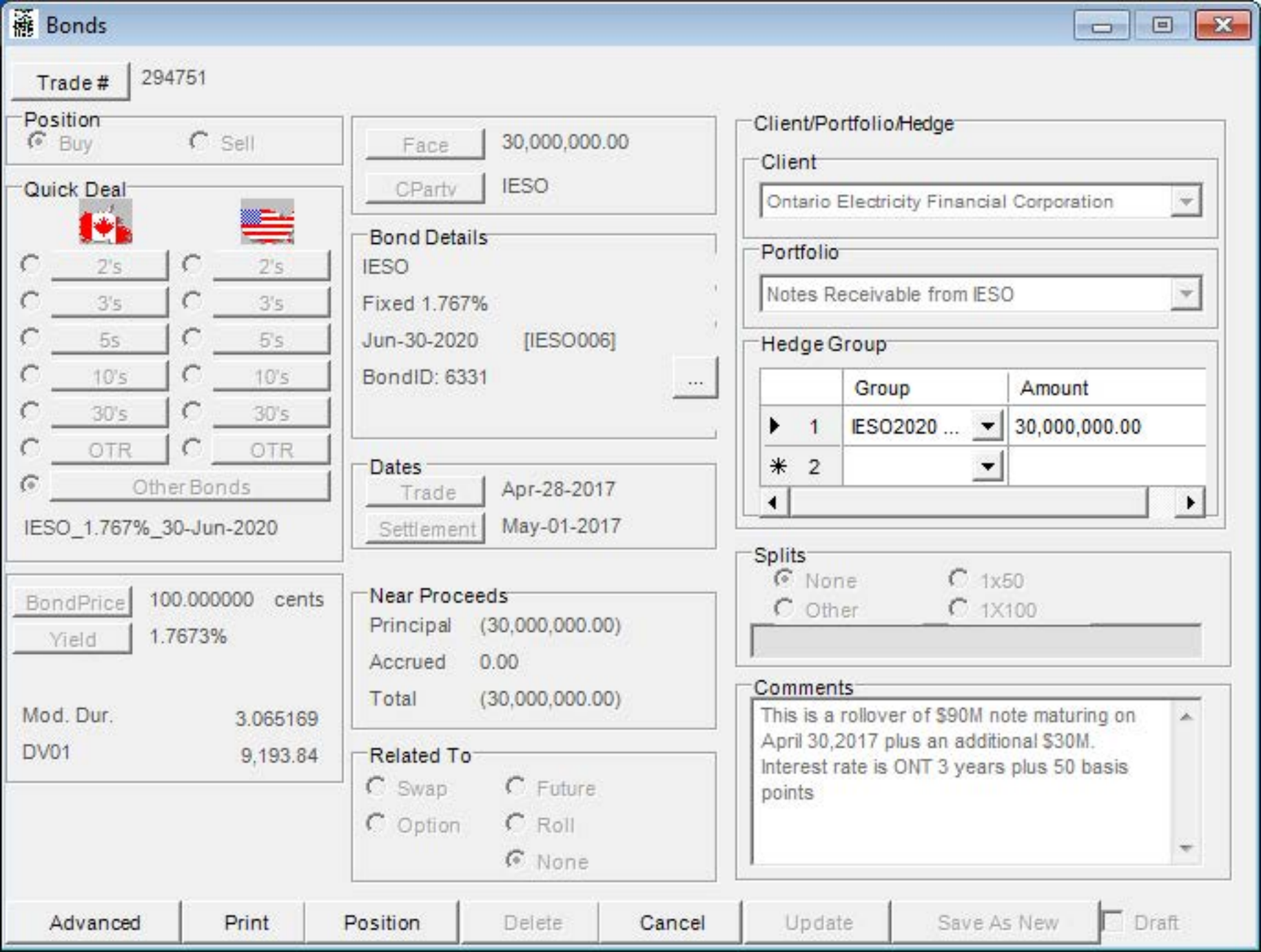

Bonds
Trade #
294750
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice
100.000000
cents
Yield
1.7673%
Mod. Dur.
3.067766
DV01
27,604.90
Face
90,000,000.00
CParty
IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020
[IESO005]
BondID: 6330
...
Dates
Trade
Apr-28-2017
Settlement
Apr-30-2017
Near Proceeds
Principal
(90,000,000.00)
Accrued
0.00
Total
(90,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
90,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft


Bonds
Trade #
294751
Position
Buy
Sell
Quick Deal
2's
3's
5s
10's
30's
OTR
Other Bonds
IESO_1.767%_30-Jun-2020
BondPrice
100.000000
cents
Yield
1.7673%
Mod. Dur.
3.065169
DV01
9,193.84
Face
30,000,000.00
CParty
IESO
Bond Details
IESO
Fixed 1.767%
Jun-30-2020
[IESO006]
BondID: 6331
...
Dates
Trade
Apr-28-2017
Settlement
May-01-2017
Near Proceeds
Principal
(30,000,000.00)
Accrued
0.00
Total
(30,000,000.00)
Related To
Swap
Future
Option
Roll
None
Client/Portfolio/Hedge
Client
Ontario Electricity Financial Corporation
Portfolio
Notes Receivable from IESO
Hedge Group
Group
Amount
1
IESO2020 ...
30,000,000.00
2
Splits
None
1x50
Other
1X100
Comments
This is a rollover of $90M note maturing on April 30,2017 plus an additional $30M. Interest rate is ONT 3 years plus 50 basis points
Advanced
Print
Position
Delete
Cancel
Update
Save As New
Draft

Cash Flows

Show Cash Flows Based On This Notional: 90,000,000

Format: Business

Filters: ☑ Show Calc ☑ Show Pay ☑ Show Reset ☐ Show Technical Dates

Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Principal Pay	Days
			May-01-2017				Issue	CAD	90,000,000.00			
May-01-2017				1.767			Reset					
	Apr-30-2017	Jun-30-2017		1.767	0.295307		Calc/Compound	CAD		265,776.16		
			Jun-30-2017	1.767			Payment	CAD	265,776.16	265,776.16		
Jun-30-2017				1.767			Reset					
	Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jan-02-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Jan-02-2018				1.767			Reset					
	Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jul-03-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Jul-03-2018				1.767			Reset					
	Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Dec-31-2018	1.767			Payment	CAD	795,150.00	795,150.00		
Dec-31-2018				1.767			Reset					
	Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jul-02-2019	1.767			Payment	CAD	795,150.00	795,150.00		
Jul-02-2019				1.767			Reset					
	Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Dec-31-2019	1.767			Payment	CAD	795,150.00	795,150.00		
Dec-31-2019				1.767			Reset					
	Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		795,150.00		
			Jun-30-2020	1.767			Payment	CAD	795,150.00	795,150.00		
			Jun-30-2020				Maturity	CAD	90,000,000.00		90,000,000.00	

Manual Rate Reset

Unadj Reset Date:

Rate (before spread) %: 0.000000 Apply

OK Cancel

Cash Flows

Show Cash Flows Based On This Notional: 30,000,000

Format: Business

Filters: ☑ Show Calc ☑ Show Pay ☑ Show Reset ☐ Show Technical D

Reset Date	Calc From	Calc To	Pay Date	IR %	IR Applied %	Spread bp	Event	Currency	Payment	Interest Pay	Pri
			May-01-2017				Issue	CAD	30,000,000.00		
May-01-2017				1.767			Reset				
	May-01-2017	Jun-30-2017		1.767	0.290466		Calc/Compound	CAD		87,139.73	
			Jun-30-2017	1.767			Payment	CAD	87,139.73	87,139.73	
Jun-30-2017				1.767			Reset				
	Jun-30-2017	Dec-31-2017		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jan-02-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jan-02-2018				1.767			Reset				
	Dec-31-2017	Jun-30-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jul-03-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-03-2018				1.767			Reset				
	Jun-30-2018	Dec-31-2018		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Dec-31-2018	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2018				1.767			Reset				
	Dec-31-2018	Jun-30-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jul-02-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Jul-02-2019				1.767			Reset				
	Jun-30-2019	Dec-31-2019		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Dec-31-2019	1.767			Payment	CAD	265,050.00	265,050.00	
Dec-31-2019				1.767			Reset				
	Dec-31-2019	Jun-30-2020		1.767	0.8835		Calc/Compound	CAD		265,050.00	
			Jun-30-2020	1.767			Payment	CAD	265,050.00	265,050.00	
			Jun-30-2020				Maturity	CAD	30,000,000.00		

Manual Rate Reset

Unadj Reset Date:

Rate (before spread) %: 0.000000 Apply

OK Cancel

Independent Electricity System Operator (IESO)

OEFC $120MM Corp Note Payable:

Loan Date	Int Pmt Date	Principal Amount	Interest Rate	Int Pmt Amount	Period
01-May-17	30-Jun-17	$ 120,000,000.00	1.7673%	$ 348,618.08	May to Jun
30-Jun-17	01-Jan-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
01-Jan-18	02-Jul-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
02-Jul-18	31-Dec-18	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
31-Dec-18	01-Jul-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun
01-Jul-19	30-Dec-19	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jul to Dec
30-Dec-19	30-Jun-20	$ 120,000,000.00	1.7673%	$ 1,060,380.00	Jan to Jun

From: Sarah Harris
To: "Olga Whiteley"
Cc: Kelly Listoe
Subject: RE: IESO - Notice for May 1/17
Date: Thursday, April 27, 2017 3:17:34 PM

Hi Olga,

I received your voicemail, but it seems my Settlements folks have reached out to you first.

Please let me know if you have any questions.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kathy Liu
Sent: Thursday, April 27, 2017 2:56 PM
To: 'Olga Whiteley'
Cc: SETTLEMENT ; CASHP ; Sarah Harris ; Kelly Listoe
Subject: IESO - Notice for May 1/17

Good Afternoon Olga,

Can you please confirm the following:

1) coupon payment of $920,700.00 on loan of $90,000,000.00 from IESO to OEFC on May 1, 2017
2) $90,000,000.00 note will rollover on May 1, 2017 and increase to $120,000,000.00
3) OEFC will wire net $30,000,000.00 to IESO on May 1, 2017 ($120M - $90M)

Can we please also have your banking instructions for the wire.

Thank you,

Kathy

Kathy Liu
Settlements, Payments and Fiscal Agency
Finance and Treasury Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M7A 1Y7
Tel (416) 325-8092 | E-Mail: kathy.liu@ofina.on.ca

From:	Kelly Listoe
To:	Risa Thau; San Rajaratnam
Cc:	Sarah Harris
Subject:	RE: IESO - Rural or Remote Electricity Rate Protection Variance
Date:	Wednesday, June 21, 2017 10:22:12 AM

They can borrow to manage variances so it should be ok.

Kelly Listoe

Documentation & Compliance Coordinator

Capital Markets

Ontario Financing Authority

1 Dundas Street West, Ste. 1400

Toronto, ON. M7A 1Y7

(416) 325 - 8129

From: Risa Thau
Sent: Wednesday, June 21, 2017 9:32 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - Rural or Remote Electricity Rate Protection Variance

Hi Everyone,

Please note that we had to split the IESO credit facility of $975 mm into two (one for $500 mm and the second for $475 mm) because IESO borrowed under two different projects – (1) Rural or Remote Electricity Rate Protection Variance; and, (2) Regulated Price Plan Variance. The reason for this is limitation is OLMS, the new loans system. We are working on getting this fixed. However, I think we need clarification whether IESO can only borrow under 1 project.

Kelly, can you please let us know if there is an issue with IESO borrowing under two different projects?

Thanks, Risa

From: Kelly Listoe
Sent: Wednesday, June 21, 2017 9:25 AM

To: San Rajaratnam <San.Rajaratnam@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: IESO - Rural or Remote Electricity Rate Protection Variance

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Capital Markets

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1 Dundas Street West, Ste. 1400

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(416) 325 - 8129

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Manager, Settlements, Payments and Fiscal Agency

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Phone: 416-325-6879

Fax: 416-204-7945

Mobile: 416-728-9920

From:	Risa Thau
To:	Kelly Listoe; San Rajaratnam
Cc:	Sarah Harris
Subject:	RE: IESO - Rural or Remote Electricity Rate Protection Variance
Date:	Wednesday, June 21, 2017 9:31:55 AM

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To: Kelly Listoe
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Cc:	Sarah Harris
Subject:	RE: IESO - Rural or Remote Electricity Rate Protection Variance
Date:	Wednesday, June 21, 2017 10:22:12 AM

They can borrow to manage variances so it should be ok.

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Subject: IESO Grid Notes

Hi Olga,

Please find attached the Grid Notes for RRRP and RPP as of June 20, 2017. You will notice that they are in Excel format as I still have to manually calculate them. Our IT department has corrected the Grid Note but the adjustment has not yet been deployed to production. This should be done within the next week. If you need a PDF version of the Grid Notes please let me know and I will send them to you next week.

Thanks, << File: Grid Note for RPP as of June 20, 2017.xls >> << File: Grid Note for RRRP as of June 20, 2017.xls >>

Risa Thau

Manager, Settlements, Payments and Fiscal Agency

Ontario Financing Authority

Phone: 416-325-6879

Fax: 416-204-7945

Mobile: 416-728-9920

From: Victor Buza
To: Kelly Listoe
Cc: Sarah Harris
Subject: RE: IESO Amendments
Date: Monday, May 01, 2017 8:43:54 AM
Attachments: Certified Extract of Directors Resolution IESO - Executed.pdf

---

Good morning Kelly. I attach the executed certified extract of the IESO director's resolution approving the renewal of the OEFC credit facilities. Let me know if you require anything else. Apologies for any inconvenience.
Regards,
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 3:48 PM
To: Victor Buza
Subject: RE: IESO Amendments

Ok…no problem
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 3:32 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: sarah.harris@ofina.ca
Subject: RE: IESO Amendments
Importance: High

Please find attached the executed Incumbency Certificate. Unfortunately, I was in a meeting when our GC/Corporate Secretary arrived briefly on premises to sign the documents, and the Certified Resolution was inadvertently not signed, and he is no longer at our site. If it's ok with you, I will arrange to have the Resolution signed on Monday. Please let me know if that would be a problem. I can confirm as counsel that the form of the Resolution was agreed between me and him yesterday.
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 2:00 PM
To: Victor Buza
Subject: RE: IESO Amendments

Hi Victor
Attached are the executed pages from the 2 facilities signed by Mike Manning.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:51 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly and Sarah - Attached are pdfs of the signed Agreements and Notes. I am just waiting for our GC/Corp Secretary to arrive to sign the Incumbency Cert and Certified Resolution, but will forward those as soon as available. I thought you should have the Agreements and Notes asap in case you need to transact before a certain hour this afternoon.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:32 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments
Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
I will send scanned copies as soon as available.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments
Hi Victor,
We can sign in counterparts.
Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.
Thanks,
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments
Hi Victor,
Single sided would be the preference, please.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 12:31 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments
See attached. All is good.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
Here are (hopefully) my final comments on the Agreements:

1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word “be” in the Note for correct grammar (it was in the main body language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.
2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments
Hi Victor
I am resending these. They are ok on my screen.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments
Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.
Thanks
Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments
Hi Victor,
Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.
I think we are in good shape. Fingers crossed.
Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.
Thanks,
Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.
Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:
Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony
I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
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Resolution of the Board of Directors

Independent Electricity System Operator

March 1, 2017

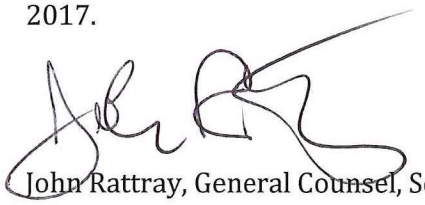
In Respect of the Renewal of the Two Credit Facilities with the Ontario Electricity Financial Corporation Expiring April 2017

" BE IT RESOLVED THAT the renewal of the existing ... credit facilities expiring in April 2017:

- ...
- note payable with the Ontario Electricity Financial Corporation
- credit facility with the Ontario Electricity Financial Corporation

be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facilities. "

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on March 1, 2017.



John Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

May 1, 2017

To: Victor Buza
Subject: RE: IESO Amendments
Date: Friday, April 28, 2017 1:27:30 PM

Hi Victor,
Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so you could kindly e-mail those docs once executed on your side, that would be greatly appreciated.
Thanks,
Sarah

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Kelly Listoe
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To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

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sarah.harris@ofina.on.ca

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Subject: FW: IESO Amendments
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Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Victor

416-969-6079

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Sent: April 27, 2017 12:05 PM
To: Victor Buza

Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
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Ontario Financing Authority
1 Dundas Street West, Ste. 1400
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(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

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Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
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Hi Anthony

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Kelly Listoe
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To: Victor Buza
Subject: RE: IESO Amendments
Date: Friday, April 28, 2017 1:27:30 PM

Hi Victor,
Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so you could kindly e-mail those docs once executed on your side, that would be greatly appreciated.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 12:31 PM
To: Kelly Listoe
Cc: Sarah Harris
Subject: RE: IESO Amendments
Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements
Victor

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Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments
See attached. All is good.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
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To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
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sarah.harris@ofina.on.ca

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Importance: High

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Thanks,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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To: Victor Buza

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Thanks,
Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets

Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
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Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
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Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

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Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

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Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
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From:	Victor Buza
To:	Sarah Harris; Kelly Listoe
Subject:	RE: IESO Amendments
Date:	Friday, April 28, 2017 1:24:23 PM
Attachments:	IESO Revolving Credit Facility Amending Agrt No 6 - Execution Version.doc IESO_OEFC Note Agreement Amending Agrt No.6 - Execution Version.docx

FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.
Thanks,
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments
Hi Victor,
Single sided would be the preference, please.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 12:31 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments
See attached. All is good.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
Here are (hopefully) my final comments on the Agreements:

1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word “be” in the Note for correct grammar (it was in the main body

language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.

2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments

Hi Victor
I am resending these. They are ok on my screen.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.
Thanks
Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,
Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.
I think we are in good shape. Fingers crossed.
Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them

from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.
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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act*, *1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under

the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

" Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Amending Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	Victor Buza
To:	Sarah Harris; Kelly Listoe
Subject:	RE: IESO Amendments
Date:	Friday, April 28, 2017 1:24:23 PM
Attachments:	IESO Revolving Credit Facility Amending Agrt No 6 - Execution Version.doc IESO_OEFC Note Agreement Amending Agrt No.6 - Execution Version.docx

FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.
Thanks,
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments
Hi Victor,
Single sided would be the preference, please.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 12:31 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments
See attached. All is good.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
Here are (hopefully) my final comments on the Agreements:

1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word “be” in the Note for correct grammar (it was in the main body

language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.

2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments

Hi Victor
I am resending these. They are ok on my screen.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.
Thanks
Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,
Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.
I think we are in good shape. Fingers crossed.
Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them

from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.
Thanks,
Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High
Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?
Thanks,
Victor
Victor Buza | Senior Counsel

Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]
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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the “new” $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments
Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments
Hi Anthony
I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act*, *1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under

the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

" Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Amending Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From: Sarah Harris
To: "Victor Buza"; Kelly Listoe
Subject: RE: IESO Amendments
Date: Friday, April 28, 2017 12:44:25 PM

Hi Victor,
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Thanks,
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Sent: April 28, 2017 11:06 AM
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Documentation & Compliance Coordinator
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1 Dundas Street West, Ste. 1400
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(416) 325 - 8129

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416-325-8193
sarah.harris@ofina.on.ca

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Importance: High

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Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments
See attached. All is good.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
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Thanks
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Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments
Hi Victor
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Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

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Thanks
Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,
Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
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Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

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Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

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Victor Buza | Senior Counsel
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Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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416-969-6079

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Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

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Subject: FW: IESO Amendments

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From: Victor Buza
To: Kelly Listoe
Cc: Sarah Harris
Subject: RE: IESO Amendments
Date: Friday, April 28, 2017 12:30:44 PM

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Importance: High

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Subject: RE: IESO Amendments

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From:	Sarah Harris
To:	Victor Buza
Subject:	RE: IESO Amendments
Date:	Friday, April 28, 2017 3:49:34 PM

Thanks, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 3:34 PM
To: Sarah Harris
Subject: FW: IESO Amendments
Importance: High

Sorry Sarah – the original bounced back due to an error I made in your address – see my message below.
Victor

From: Victor Buza
Sent: April 28, 2017 3:32 PM
To: 'Kelly Listoe'
Cc: 'sarah.harris@ofina.ca'
Subject: RE: IESO Amendments
Importance: High

Please find attached the executed Incumbency Certificate. Unfortunately, I was in a meeting when our GC/Corporate Secretary arrived briefly on premises to sign the documents, and the Certified Resolution was inadvertently not signed, and he is no longer at our site. If it's ok with you, I will arrange to have the Resolution signed on Monday. Please let me know if that would be a problem. I can confirm as counsel that the form of the Resolution was agreed between me and him yesterday.
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 2:00 PM
To: Victor Buza
Subject: RE: IESO Amendments

Hi Victor
Attached are the executed pages from the 2 facilities signed by Mike Manning.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
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(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:51 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly and Sarah - Attached are pdfs of the signed Agreements and Notes. I am just waiting for our GC/Corp Secretary to arrive to sign the Incumbency Cert and Certified Resolution, but will forward those as soon as available. I thought you should have the Agreements and Notes asap in case you need to transact before a certain hour this afternoon.

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:32 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, April 28, 2017 1:31 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: RE: IESO Amendments

I will send scanned copies as soon as available.

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,

We can sign in counterparts.

Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.

Thanks,

Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, April 28, 2017 1:24 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: RE: IESO Amendments

FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.

Thanks,

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,

Single sided would be the preference, please.

Thanks,

Sarah

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Sent: Friday, April 28, 2017 12:31 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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sarah.harris@ofina.on.ca

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Sent: Thursday, April 27, 2017 3:31 PM
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Subject: FW: IESO Amendments
Importance: High

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Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments

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Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

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Victor Buza | Senior Counsel
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1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

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(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

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" **Section 2.16 Fifth Refinancing Note**

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Amending Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017 .

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This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From: Victor Buza
To: Kelly Listoe
Cc: Sarah Harris
Subject: RE: IESO Amendments
Date: Friday, April 28, 2017 10:52:35 AM
Attachments: $120MMNoteIESOBlacklineApr27IESOLegal-rev_rev2.docx

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ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

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(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

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" **Section 2.16 Fifth Refinancing Note**

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Amending Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017 .

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This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From: Victor Buza
To: Kelly Listoe
Cc: Sarah Harris
Subject: RE: IESO Amendments
Date: Friday, April 28, 2017 10:41:59 AM

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Regards,
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Documentation & Compliance Coordinator
Capital Markets
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1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
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416-325-8193
sarah.harris@ofina.on.ca

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Importance: High
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Subject: RE: IESO Amendments
Date: Friday, April 28, 2017 9:06:03 AM
Attachments: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comment....doc
$120MMNoteIESOBlacklineApr27IESOLegal-rev.docx

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Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.

Thanks
Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,
Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.
I think we are in good shape. Fingers crossed.
Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them

from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor

416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Aamending Aagreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~. The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, iInterest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A ~~the Fifth Refinancing Note~~ shall be ~~calculated~~ in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017..

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Aa~~a~~mending Aa~~a~~greement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Aa~~a~~mending Aa~~a~~greement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Aa~~a~~mending Aa~~a~~greement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: ~~_~~ $120 million~~_____~~,
consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020 + 50 basis points)

Due: ~~_____~~June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A ~~the Fifth Refinancing Note~~ shall ~~be calculated~~ in respect only of the period from and

including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017
.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

Formatted: Justified

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From: Kelly Listoe
To: "Victor Buza"
Cc: Sarah Harris
Subject: RE: IESO Amendments
Date: Friday, April 28, 2017 9:06:03 AM
Attachments: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comment....doc
$120MMNoteIESOBlacklineApr27IESOLegal-rev.docx

Hi Victor
I am resending these. They are ok on my screen.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris
Cc: Kelly Listoe ; Lisa Stein
Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.

Thanks
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From: Sarah Harris <Sarah.Harris@ofina.on.ca>
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1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
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from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
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416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
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Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor

416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Aamending Aagreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~. The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, iInterest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A ~~the Fifth Refinancing Note~~ shall be ~~calculated~~ in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017..

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Aa~~a~~mending Aa~~a~~greement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Aa~~a~~mending Aa~~a~~greement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Aa~~a~~mending Aa~~a~~greement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: ~~_~~ $120 million~~_____~~,
consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020 + 50 basis points)

Due: ~~_____~~June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A ~~the Fifth Refinancing Note~~ shall ~~be calculated~~ in respect only of the period from and

including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017
.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

Formatted: Justified

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	Sarah Harris
To:	"Victor.Buza@ieso.ca"
Cc:	Kelly Listoe; Lisa Stein
Subject:	RE: IESO Amendments
Date:	Thursday, April 27, 2017 4:58:29 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comment....doc $120MMNoteIESOBlacklineApr27IESOLegal-rev.docx

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor

416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Aamending Aagreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"

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Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~. The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, iInterest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A ~~the Fifth Refinancing Note~~ shall be ~~calculated~~ in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017..

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Aa~~a~~mending Aa~~a~~greement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Aa~~a~~mending Aa~~a~~greement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Aa~~a~~mending Aa~~a~~greement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: ~~_~~ $120 million~~_____~~,
consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020 + 50 basis points)

Due: ~~_____~~June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A ~~the Fifth Refinancing Note~~ shall ~~be calculated~~ in respect only of the period from and

including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017
.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

Formatted: Justified

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	Sarah Harris
To:	"Victor.Buza@ieso.ca"
Cc:	Kelly Listoe; Lisa Stein
Subject:	RE: IESO Amendments
Date:	Thursday, April 27, 2017 4:58:29 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comment....doc $120MMNoteIESOBlacklineApr27IESOLegal-rev.docx

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor

416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Aamending Aagreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~. The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, iInterest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A ~~the Fifth Refinancing Note~~ shall be ~~calculated~~ in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017..

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Aa~~a~~mending Aa~~a~~greement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Aa~~a~~mending Aa~~a~~greement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Aa~~a~~mending Aa~~a~~greement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: ~~_~~ $120 million~~_____~~,
consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020 + 50 basis points)

Due: ~~_____~~June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A ~~the Fifth Refinancing Note~~ shall ~~be calculated~~ in respect only of the period from and

including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017
.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

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This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	Sarah Harris
To:	"Victor Buza"
Subject:	RE: IESO Amendments
Date:	Friday, April 28, 2017 3:49:34 PM

Thanks, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 3:34 PM
To: Sarah Harris
Subject: FW: IESO Amendments
Importance: High

Sorry Sarah – the original bounced back due to an error I made in your address – see my message below.

Victor

From: Victor Buza
Sent: April 28, 2017 3:32 PM
To: 'Kelly Listoe'
Cc: 'sarah.harris@ofina.ca'
Subject: RE: IESO Amendments
Importance: High

Please find attached the executed Incumbency Certificate. Unfortunately, I was in a meeting when our GC/Corporate Secretary arrived briefly on premises to sign the documents, and the Certified Resolution was inadvertently not signed, and he is no longer at our site. If it's ok with you, I will arrange to have the Resolution signed on Monday. Please let me know if that would be a problem. I can confirm as counsel that the form of the Resolution was agreed between me and him yesterday.

Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 2:00 PM
To: Victor Buza
Subject: RE: IESO Amendments

Hi Victor

Attached are the executed pages from the 2 facilities signed by Mike Manning.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:51 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly and Sarah - Attached are pdfs of the signed Agreements and Notes. I am just waiting for our GC/Corp Secretary to arrive to sign the Incumbency Cert and Certified Resolution, but will forward those as soon as available. I thought you should have the Agreements and Notes asap in case you need to transact before a certain hour this afternoon.

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:32 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, April 28, 2017 1:31 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: RE: IESO Amendments

I will send scanned copies as soon as available.

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,

We can sign in counterparts.

Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.

Thanks,

Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, April 28, 2017 1:24 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: RE: IESO Amendments

FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.

Thanks,

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,

Single sided would be the preference, please.

Thanks,

Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, April 28, 2017 12:31 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements

Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments

See attached. All is good.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Here are (hopefully) my final comments on the Agreements:

1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word "be" in the Note for correct grammar (it was in the main body language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.
2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks

Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments

Hi Victor

I am resending these. They are ok on my screen.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator

Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.

Thanks

Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7

416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets | LinkedIn: IESO

[twitter.com][na01.safelinks.protection.outlook.com] [linkedin.com] [na01.safelinks.protection.outlook.com]

This email message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution, or copying of this email message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this email message.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

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Victor
416-969-6079

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Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

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Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400

Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
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To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

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From:	Kelly Listoe
To:	"Victor Buza"
Cc:	Sarah Harris
Subject:	RE: IESO Amendments
Date:	Thursday, April 27, 2017 3:46:04 PM

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Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe
Subject: RE: IESO Amendments
Importance: High

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Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?
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Victor Buza | Senior Counsel
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1600-120 Adelaide Street West, Toronto, ON M5H 1T1

Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: Victor Buza
To: Kelly Listoe
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO Amendments
Date: Thursday, April 27, 2017 1:07:37 PM
Attachments: Certified Extract of Resolution of Directors re OEFC Facilities, March 1 2017.docx
Incumbency Certificate - re OEFC Facilities - April 2017.doc

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Resolution of the Board of Directors

Independent Electricity System Operator

March 1, 2017

In Respect of the Renewal of the Two Credit Facilities with the Ontario Electricity Financing Corporation Expiring April 2017

" BE IT RESOLVED THAT the renewal of the existing … credit facilities expiring in April 2017:

- …
- note payable with the Ontario Electricity Financial Corporation
- credit facility with the Ontario Electricity Financial Corporation

be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facilities. **"**

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on March 1, 2017.

John M. Rattray, General Counsel, Secretary and Chief Reliability Officer

April 28, 2017

DRAFT

INCUMBENCY CERTIFICATE

To: Ontario Electricity Financial Corporation

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated March 1, 2017, Kimberly Marshall has the authority to execute the amending agreements providing for the renewal and amendment of the two credit facilities expiring April 2017 between IESO and the Ontario Electricity Financial Corporation.

3. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this _____ day of April, 2017.

_____

John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this _____ day of April, 2017.

_____

Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

DRAFT

From: Kelly Listoe
To: "Victor Buza"
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO Amendments
Date: Thursday, April 27, 2017 1:00:22 PM
Attachments: $120MMNoteIESOBlackline.docx

Hi Victor
Attached please find a draft of the Note Facility amendment for your review. The Note may still require additional changes, but in the interest of time, we wanted to send you a draft to start the review going and get your thoughts. Are you available for a quick discussion on this now?
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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To: Kelly Listoe
Cc: Sarah Harris
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Victor

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AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~ . The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 ~~million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifrth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the amount of the first such interest payment for the Fifth Refinancing Note shall be calculated in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This amending agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This amending agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: ~~——~~ $120 million ~~————————————~~, consisting of: a Part A amount of $90 million, whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million, whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020 + 50 basis points)

Due: ~~————————~~June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From: Victor Buza
To: Kelly Listoe
Cc: Sarah Harris
Subject: RE: IESO Amendments
Date: Thursday, April 27, 2017 12:09:35 PM

Send them to me please – I will coordinate execution with Kim tomorrow afternoon.
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:
Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony
I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

(416) 325 - 8053

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From:	Victor Buza
To:	Sarah Harris; Kelly Listoe
Subject:	RE: IESO Amendments
Date:	Friday, April 28, 2017 1:51:14 PM
Attachments:	Amending Agrt no.6 - Revolving Credit Facility - OEFC_IESO_IESO Signed.pdf Amending Agrt no.6 re Issuance of Note - OEFC_IESO - IESO Signed.pdf IESO Grid Promissory Note - upto$160MM - IESO Signed.pdf IESO Note - $120MM - IESO Signed.pdf

---

Hi Kelly and Sarah - Attached are pdfs of the signed Agreements and Notes. I am just waiting for our GC/Corp Secretary to arrive to sign the Incumbency Cert and Certified Resolution, but will forward those as soon as available. I thought you should have the Agreements and Notes asap in case you need to transact before a certain hour this afternoon.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:32 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments
Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
I will send scanned copies as soon as available.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments
Hi Victor,
We can sign in counterparts.
Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.
Thanks,
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe

Subject: RE: IESO Amendments
Hi Victor,
Single sided would be the preference, please.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 12:31 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments
See attached. All is good.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
Here are (hopefully) my final comments on the Agreements:

1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word “be” in the Note for correct grammar (it was in the main body language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.
2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments
Hi Victor
I am resending these. They are ok on my screen.
Regards,
Kelly Listoe

Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.
Thanks
Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,
Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.
I think we are in good shape. Fingers crossed.
Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.
Thanks,
Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.
Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:
Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony
I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended or

replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

" Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period."

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Amending Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing

on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	Victor Buza
To:	Sarah Harris; Kelly Listoe
Subject:	RE: IESO Amendments
Date:	Friday, April 28, 2017 1:51:14 PM
Attachments:	Amending Agrt no.6 - Revolving Credit Facility - OEFC_IESO_IESO Signed.pdf Amending Agrt no.6 re Issuance of Note - OEFC_IESO - IESO Signed.pdf IESO Grid Promissory Note - upto$160MM - IESO Signed.pdf IESO Note - $120MM - IESO Signed.pdf

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Hi Kelly and Sarah - Attached are pdfs of the signed Agreements and Notes. I am just waiting for our GC/Corp Secretary to arrive to sign the Incumbency Cert and Certified Resolution, but will forward those as soon as available. I thought you should have the Agreements and Notes asap in case you need to transact before a certain hour this afternoon.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:32 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments
Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
I will send scanned copies as soon as available.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments
Hi Victor,
We can sign in counterparts.
Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.
Thanks,
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe

Subject: RE: IESO Amendments
Hi Victor,
Single sided would be the preference, please.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 12:31 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments
See attached. All is good.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
Here are (hopefully) my final comments on the Agreements:

1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word “be” in the Note for correct grammar (it was in the main body language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.
2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments
Hi Victor
I am resending these. They are ok on my screen.
Regards,
Kelly Listoe

Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.
Thanks
Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,
Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.
I think we are in good shape. Fingers crossed.
Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.
Thanks,
Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.
3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.
Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:
Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony
I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

(416) 325 - 8053

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended or

replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

" Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period."

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Amending Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing

on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	Sarah Harris
To:	"Victor Buza"; Kelly Listoe
Subject:	RE: IESO Amendments
Date:	Friday, April 28, 2017 1:32:00 PM

Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:31 PM
To: Sarah Harris ; Kelly Listoe
Subject: RE: IESO Amendments

I will send scanned copies as soon as available.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,
We can sign in counterparts.
Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.
Thanks,
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,
Single sided would be the preference, please.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 12:31 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements

Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments

See attached. All is good.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Here are (hopefully) my final comments on the Agreements:

1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word "be" in the Note for correct grammar (it was in the main body language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.
2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks

Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments

Hi Victor

I am resending these. They are ok on my screen.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator

Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.

Thanks

Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7

416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

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Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets | LinkedIn: IESO

[twitter.com][na01.safelinks.protection.outlook.com] [linkedin.com] [na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

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416-969-6079

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Subject: FW: IESO Amendments

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

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From:	Sarah Harris
To:	"Victor Buza"; Kelly Listoe
Subject:	RE: IESO Amendments
Date:	Friday, April 28, 2017 1:32:00 PM

Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:31 PM
To: Sarah Harris ; Kelly Listoe
Subject: RE: IESO Amendments

I will send scanned copies as soon as available.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,
We can sign in counterparts.
Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.
Thanks,
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
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Single sided would be the preference, please.
Thanks,
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements

Victor

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Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments

See attached. All is good.

Kelly Listoe
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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

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I am resending these. They are ok on my screen.

Regards,

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Thanks

Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

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The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

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sarah.harris@ofina.on.ca

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Importance: High

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Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From:	Victor Buza
To:	Sarah Harris; Kelly Listoe
Subject:	RE: IESO Amendments
Date:	Friday, April 28, 2017 1:31:23 PM

I will send scanned copies as soon as available.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,
We can sign in counterparts.
Kelly is currently at lunch, so I'm unable to confirm with him whether he asked you to e-mail to a .pdf version of the executed Note Agreement and Executed Note in their entirety to us (vs. just signature pages). We need to the complete version in order for our traders to effect the transaction in our system today, so if you are still able e-mail those .pdf of those docs once executed on your side, that would be greatly appreciated.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

FYI, we will courier to you two signed originals of both Agreements, and one of the Promissory Notes, along with the Incumbency Cert and Board Resolution. If these get to you in time this afternoon for your signor to sign, then he can sign and you can return an original to us. If you decide to just sign in counterpart only, feel free to do so – I attach the exact versions of the Agreements that we are signing, so you can use the signature pages. In that case, please send us a copy of the agreement signed on behalf of OEFC once available.
Thanks,
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 12:44 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments

Hi Victor,
Single sided would be the preference, please.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 12:31 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Do you folks have a preference whether the Note on single-sided or double-sided paper? Same question re agreements
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 11:06 AM
To: Victor Buza
Subject: RE: IESO Amendments

See attached. All is good.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

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1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word "be" in the Note for correct grammar (it was in the main body language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.
2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks
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Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
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Regards,
Kelly Listoe
Documentation & Compliance Coordinator
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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
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Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

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Thanks

Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as

mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.

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Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor

416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

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Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

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I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

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From: Victor Buza
To: Kelly Listoe
Cc: Sarah Harris
Subject: RE: IESO Amendments
Date: Monday, May 01, 2017 8:43:54 AM
Attachments: Certified Extract of Directors Resolution IESO - Executed.pdf

---

Good morning Kelly. I attach the executed certified extract of the IESO director's resolution approving the renewal of the OEFC credit facilities. Let me know if you require anything else. Apologies for any inconvenience.
Regards,
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 3:48 PM
To: Victor Buza
Subject: RE: IESO Amendments

Ok…no problem
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 3:32 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: sarah.harris@ofina.ca
Subject: RE: IESO Amendments
Importance: High

Please find attached the executed Incumbency Certificate. Unfortunately, I was in a meeting when our GC/Corporate Secretary arrived briefly on premises to sign the documents, and the Certified Resolution was inadvertently not signed, and he is no longer at our site. If it's ok with you, I will arrange to have the Resolution signed on Monday. Please let me know if that would be a problem. I can confirm as counsel that the form of the Resolution was agreed between me and him yesterday.
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 2:00 PM
To: Victor Buza
Subject: RE: IESO Amendments

Hi Victor
Attached are the executed pages from the 2 facilities signed by Mike Manning.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:51 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly and Sarah - Attached are pdfs of the signed Agreements and Notes. I am just waiting for our GC/Corp Secretary to arrive to sign the Incumbency Cert and Certified Resolution, but will forward those as soon as available. I thought you should have the Agreements and Notes asap in case you need to transact before a certain hour this afternoon.
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: April 28, 2017 1:32 PM
To: Victor Buza; Kelly Listoe
Subject: RE: IESO Amendments
Thank you, Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 1:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
I will send scanned copies as soon as available.
Victor

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Sent: April 28, 2017 1:27 PM
To: Victor Buza; Kelly Listoe
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Hi Victor,
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To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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Subject: RE: IESO Amendments
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Documentation & Compliance Coordinator
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Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments
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Sent: Friday, April 28, 2017 8:11 AM

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Subject: Re: IESO Amendments
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sarah.harris@ofina.on.ca

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Importance: High
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Documentation & Compliance Coordinator
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
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Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
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(416) 325 - 8053

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Sent: Thursday, April 27, 2017 1:07 PM
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416-969-6079

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Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
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Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony
I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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Resolution of the Board of Directors

Independent Electricity System Operator

March 1, 2017

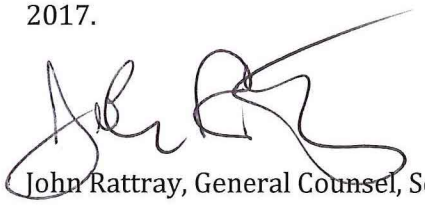
In Respect of the Renewal of the Two Credit Facilities with the Ontario Electricity Financial Corporation Expiring April 2017

" BE IT RESOLVED THAT the renewal of the existing ... credit facilities expiring in April 2017:

- ...
- note payable with the Ontario Electricity Financial Corporation
- credit facility with the Ontario Electricity Financial Corporation

be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facilities. "

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on March 1, 2017.



John Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

May 1, 2017

From:	Sarah Harris
To:	Lisa Stein; Salman Qadir; Kelly Listoe
Cc:	Shajee Kathirgamanathan
Subject:	RE: IESO Concern re: "Market Renewals Program
Date:	Wednesday, April 26, 2017 11:49:52 AM

Thank you , Lisa.

From: Lisa Stein
Sent: Wednesday, April 26, 2017 11:14 AM
To: Sarah Harris ; Salman Qadir ; Kelly Listoe
Cc: Shajee Kathirgamanathan
Subject: RE: IESO Concern re: "Market Renewals Program

Thank you for summarizing this matter, Sarah. I also note a few things:

- we have removed the word “temporary” before “funding” in the recital to the agreement noted below.
- IESO counsel has explained to me that costs related to the market renewal program would include capital costs such as IT equipment.
- IESO has excluded borrowing for liquidity requirements from its definition of “IESO Corporate Requirements”.

Lisa

From: Sarah Harris
Sent: Wednesday, April 26, 2017 11:02 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: IESO Concern re: "Market Renewals Program
Importance: High

Hello All,

Lisa and I discussed a concern expressed by IESO’s counsel yesterday regarding the reference of “costs related to the market renewals” program in the second recital of the attached amending agreement.

> ***AND WHEREAS*** *IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein)* **and costs related to the market renewals program**;

The wording of the Directive states,

> It is now desirable to increase the Line of Credit to a principal amount of up to C$160 million to provide temporary funding for IESO corporate requirements and costs related to the market renewals program, and to extend the mandatory repayment date

IESO in the draft amending agreement defines “IESO Corporate Requirements” to mean any borrowing authorized by O. Reg. 280/14. IESO’s counsel has stated that the market renewals program requirements would be authorized under O. Reg 280/14.

We would propose changing the second recital to incorporate ‘market renewal program’ under IESO Corporate Requirements, such that the second recital would read:

> ***AND WHEREAS*** *IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of*

up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein) ~~and costs related to the market renewals program~~;

SALMAN: Is there any reason this **cannot** be done? i.e. was there a specific reason for singling out "costs related to the market renewals program" in the Directive? As a note, IESO's counsel asked to see the Directive. I am unsure whether in drafting the directive, if they ever would have gotten a copy, or if they typically would?

Lisa has schedule a meeting a 1 p.m. to discuss this. Lisa, since this seems to be the only outstanding issue (we are fine with the suggestions discussed on the other draft), that it may only be necessary for you and Salman to let us know if the proposed solution above is acceptable. We are available to discuss if I have not reflected the issue accurately.

Thanks,

Sarah

From:	LeRoy Ahyee
To:	Kelly Listoe
Cc:	Sarah Harris; Nurudin Kaba
Subject:	RE: IESO Coupons
Date:	Friday, May 05, 2017 10:19:45 AM
Attachments:	IESO Coupons report Dec 31st 2017.pdf

This is what ITS shows for the next calculation period.

Ontario

LeRoy Ahyee

From: Kelly Listoe
Sent: Friday, May 05, 2017 9:48 AM
To: LeRoy Ahyee
Cc: Sarah Harris ; Nurudin Kaba
Subject: RE: IESO Coupons

Hi Leroy:

Many Thanks – it is $59.92 different than what I calculated, but it is probably correct, not me. In principle, they seem to have missed the 1 day of interest for the $90MM. I will send this to them. Do we all agree on the subsequent amount of $1,060,380.00 every 6 mos.?

Kelly

From: LeRoy Ahyee
Sent: Friday, May 05, 2017 9:40 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>
Subject: IESO Coupons

Hello Kelly:

Per discussion with Sarah, I've attached a copy of the coupons report for IESO for the current interest calculation period. Please note, the amounts are separate as each face amount has a separate CUSIP.

Kindly let me know whether you have any questions.

LeRoy

Ontario

LeRoy Ahyee

Settlements Officer | Ontario Financing Authority

Ph: 416-325-8076 | Cell: 416-473-1081

LeRoy.Ahyee@ofina.on.ca

Coupon Payments And Receipts

Select Criteria: Coupon Due Date Range : From 30-Dec-17 To 31-Dec-17
Client = OEFC
Portfolio = PROMIMO
Sort : By Default - Client , Portfolio, Instrument Type, PayDate

Coupon PayDate	Coupon DueDate	Repo Maturity	Direction	CPN Returned	UnderLying		FaceValue	Cur'cy	Coupon Payable	Coupon Receivable	Repo Interest	HedgeSN	TradeNo
Client:	**OEFC**												
Portfolio:	**Notes Receivable from IESO**												
02 Jan 18	31 Dec 17				IESO_1.767%_30-Jun-2020		90,000,000.00	CAD		795,150.00		IESO2020	
						SubTotal	90,000,000.00			795,150.00			
						Total	90,000,000.00			795,150.00			
02 Jan 18	31 Dec 17				IESO_1.767%_30-Jun-2020		30,000,000.00	CAD		265,050.00		IESO2020	
						SubTotal	30,000,000.00			265,050.00			
						Total	30,000,000.00			265,050.00			

Net From Issuer:	**CAD**	**1,060,200.00**
Net From RTN:		
Grand Total :	**120,000,000.00**	**1,060,200.00**

From: Salman Qadir
To: Sarah Neville; William Tan
Cc: Sarah Harris; Bruno Amara
Subject: RE: IESO Credit Facility Amending Agreement and new IESO FHP Credit Facility Agreement
Date: Tuesday, June 06, 2017 2:42:03 PM

Hi Sarah,
No counsel has been assigned yet. This directive and agreement is related to the Province's Fair Hydro Plan which is set to be effective July 1, 2017.
For the directive timing, we are going to LRC for an OIC for June 27, 2017 and it is expected that prior to that, we will be briefing the Minister of Finance – we'd like our directive package to be ready in the next week or so.
I apologize in advance for the tight timelines but they are not in our control at the moment.
Regards,
Salman

From: Sarah Neville
Sent: Tuesday, June 06, 2017 1:20 PM
To: William Tan ; Salman Qadir
Cc: Sarah Harris
Subject: RE: IESO Credit Facility Amending Agreement and new IESO FHP Credit Facility Agreement
Hi William and Salman - Has counsel been engaged to work on the directive yet? What is timing?
Thanks very much,
Sarah

From: William Tan
Sent: Tuesday, June 06, 2017 12:16 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO Credit Facility Amending Agreement and new IESO FHP Credit Facility Agreement
Hello Sarah,
I am preparing an IESO Credit Facility Amending Agreement and a New IESO FHP Credit Facility Agreement. Please let me know who would be available to assist with these agreements? Salman Qadir is working on the related directive and he would also require counsel to work on that as well. It would make sense to have the same counsel from OFA legal to assigned to the same file.
Best regards,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: Sarah Neville
To: William Tan; Salman Qadir
Cc: Sarah Harris
Subject: RE: IESO Credit Facility Amending Agreement and new IESO FHP Credit Facility Agreement
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To: William Tan
Subject: RE: IESO DIRECTIVE decrease line of credit.docx
Date: Friday, June 23, 2017 4:08:53 PM
Attachments: image002.png
image003.png

Hi Will,

Let's discuss on Monday morning; I haven't looked at the grid note attached to the facility again, and am not sure if it requires the purpose of funds to be specified.

The second recital as pasted below needs to be amended to add all of the zeroes to the $475. The amendments need to be re-numnrtrf

---

From: William Tan
Sent: Friday, June 23, 2017 2:20 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO DIRECTIVE decrease line of credit.docx

Hi Sarah,

I read your emails in regards to Settlements manual calculation. I think I understand the system limitation. Is it reasonable to ask Risa can produce a grid note indicating a $475,000,000 balance itemizing RPP, RRRP with balances as of July 1st, 2017?

I've accepted all the changes. Should I get Lisa to sign-off on the current copy without the amounts and date?

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the coperating facility is CDN $(·);

Author
Existing Balance to be confirmed with Cash Management.

AND WHEREAS the IESO and the OFA have now agreed to decrease the total principal amount of the operating facility from CDN $975,000,000 to a principal amount of up to $475

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $XXXXX.

Author
Insert amount once determined

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid note to the IESO.

From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

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Author
Existing Balance to be confirmed with Cash Management.

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Author
Insert amount once determined

From:	William Tan
To:	Sarah Neville; Salman Qadir; Lisa Stein
Cc:	Bruno Amara; Sarah Harris; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	RE: IESO Directive and Credit Facility
Date:	Wednesday, June 07, 2017 3:34:24 PM

Hi Sarah N,
I misunderstood your question, please disregard my earlier reply.
Sarah H. is investigating the requirement of a Promissory Note between OFA and the Province.

From: William Tan
Sent: Wednesday, June 07, 2017 2:18 PM
To: Sarah Neville ; Salman Qadir ; Lisa Stein
Cc: Bruno Amara ; Sarah Harris ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)
Subject: RE: IESO Directive and Credit Facility
Hello Sarah N,
Yes, as part of the credit facility agreement we are drafting a promissory note will be included and both will eventually have to be signed.

From: Sarah Neville
Sent: Wednesday, June 07, 2017 1:47 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: IESO Directive and Credit Facility
Hello-
By way of follow up on our discussions about this yesterday, I just spoke with Malle and she has advised that Toby will be working on the loan agreement from the MOF perspective as he has involvement in other aspects of the implementation of the plan.
In addition, Malle reminded me that there will be need to be a Promissory Note between OFA and the Province in respect of the on-lending authorized by OIC. I assume this is part of the routine process but just flag it as another moving part.
Thanks very much,
Sarah

Sarah Neville
Director, Legal Branch
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From:	William Tan
To:	Sarah Neville; Salman Qadir; Lisa Stein
Cc:	Bruno Amara; Sarah Harris; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	RE: IESO Directive and Credit Facility
Date:	Wednesday, June 07, 2017 2:17:40 PM

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Sent: Wednesday, June 07, 2017 1:47 PM
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Sarah Neville
Director, Legal Branch
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From:	Lisa Stein
To:	William Tan; Sarah Neville; Salman Qadir
Cc:	Bruno Amara; Sarah Harris; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	RE: IESO Directive and Credit Facility
Date:	Thursday, June 08, 2017 2:11:56 PM

The draft OIC requires a promissory note.

From: William Tan
Sent: Wednesday, June 07, 2017 3:34 PM
To: Sarah Neville ; Salman Qadir ; Lisa Stein
Cc: Bruno Amara ; Sarah Harris ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)
Subject: RE: IESO Directive and Credit Facility

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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Thanks very much,

Sarah

Sarah Neville
Director, Legal Branch

Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From: Sarah Harris
To: William Tan
Subject: RE: IESO OFA Amending Agreement Draft
Date: Monday, June 12, 2017 10:14:35 AM
Attachments: Letter Agt IESO_OFA Amendment No 10 SH commetnts V2.docx

---

Hi Will,
Please see find attached my comments.
Once you've incorporated my comments, please send directly to Lisa.
In the interest of time, please also send to Lisa the .pdfs of the original credit agreement and the 9 executed amendments.
Thanks,
Sarah

From: William Tan
Sent: Friday, June 09, 2017 11:15 AM
To: Sarah Harris
Subject: FW: IESO OFA Amending Agreement Draft
Hello Sarah,
Thank you for your comments. Attached is the revised amending agreement. I tried to combine the note into this agreement. I can't seem to get the margins quite right on the note. We can keep the note and the amending agreement separate.

From: Sarah Harris
Sent: Monday, June 05, 2017 1:42 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO OFA Amending Agreement Draft
HI Will,
Thanks for the draft. Please see my comments, attached. The draft includes the recitals, but you'll also need to include the amending language to change the provisions of the agreement.
Thanks,
Sarah

From: William Tan
Sent: Friday, June 02, 2017 1:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO OFA Amending Agreement Draft
Hello Sarah,
Please find the drafts for the IESO OFA amending agreement No. 10. Let me know if you have any comments.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Amended Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated Corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the grid note is $(·);

AND WHEREAS the IESO and the OFA have now agreed to decrease the operating facility to a principal amount of up to $475,000,000.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

~~The first sentence of the Recital in the Agreement is deleted and replaced by the following"~~

~~"The IESO has requested an operating line of credit from the OFA in the amount of $475 million and the OFA has agreed to provide such a line of credit to the IESO".~~

1. The definition of Commitment in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. Schedule 3 of the Agreement, IESO Grid Note, is deleted and replaced by the OPA Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: I believe this is "0", but should confirm regardless.

Commented [A2]: Check with Lisa whether or not she would like to include a recital to the effect that the original credit facility was for $500M, that is was increased to $975M (amending agreement #3).

Commented [A3]: Recitals are non-binding and for informational purposes to help provide history and context for the amendment

Commented [A4]: I have not checked, but please confirm this is a defined term

Commented [A5]: OPA is now IESO, so should reference IESO; also need to ensure it is a defined term

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

~~(a)~~ **SCHEDULE 3 TO AMENDING AGREEMENT NO. 10**

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "**Company**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:

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Formatted: Space After: 0 pt, Line spacing: single

By: _____

Formatted: Space After: 0 pt

From: William Tan
To: Sarah Harris
Subject: RE: IESO OFA Amending Agreement Draft
Date: Monday, June 12, 2017 10:23:43 AM

Hi Sarah,
I'll do that. I will copy you when I send them to Lisa.
Thanks,
Will

From: Sarah Harris
Sent: Monday, June 12, 2017 10:15 AM
To: William Tan
Subject: RE: IESO OFA Amending Agreement Draft
Hi Will,
Please see find attached my comments.
Once you've incorporated my comments, please send directly to Lisa.
In the interest of time, please also send to Lisa the .pdfs of the original credit agreement and the 9 executed amendments.
Thanks,
Sarah

From: William Tan
Sent: Friday, June 09, 2017 11:15 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO OFA Amending Agreement Draft
Hello Sarah,
Thank you for your comments. Attached is the revised amending agreement. I tried to combine the note into this agreement. I can't seem to get the margins quite right on the note. We can keep the note and the amending agreement separate.

From: Sarah Harris
Sent: Monday, June 05, 2017 1:42 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO OFA Amending Agreement Draft
HI Will,
Thanks for the draft. Please see my comments, attached. The draft includes the recitals, but you'll also need to include the amending language to change the provisions of the agreement.
Thanks,
Sarah

From: William Tan
Sent: Friday, June 02, 2017 1:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO OFA Amending Agreement Draft
Hello Sarah,
Please find the drafts for the IESO OFA amending agreement No. 10. Let me know if you have any comments.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From:	Lisa Stein
To:	Sarah Harris; Kelly Listoe; Salman Qadir
Subject:	RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Date:	Wednesday, April 26, 2017 4:56:52 PM

This reflects our discussions from this afternoon. Please note that the date of the Note is April 30, 2017 (such date still TBC in light of discussions this afternoon).

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, April 26, 2017 4:52 PM
To: Lisa Stein
Cc: Sarah Harris ; Kelly Listoe ; Salman Qadir ; Anthony Martinello
Subject: RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc

Hi Lisa. Per our discussion earlier this afternoon, I have accepted all the changes in the document you sent, deleted your comments, and added a definition of "Ontario's Fair Hydro Plan".
Let me know if you have any questions or concerns.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: April 26, 2017 1:57 PM
To: Victor Buza
Cc: Sarah Harris; Kelly Listoe; Salman Qadir
Subject: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Importance: High

Hi Victor,

Further to our call yesterday, I've met with my clients and revised the draft amending agreement accordingly. Please review the attached draft, which includes comments for your attention, and send us a further draft/execution version for review at your earliest convenience. If you would like to discuss, please do not hesitate to contact me.

Sincerely,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto, ON M7A 1Y7
Tel: 416-325-2320
Fax: 416-204-7781

****
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Let me know if you have any questions or concerns.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Sincerely,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto, ON M7A 1Y7
Tel: 416-325-2320
Fax: 416-204-7781

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Subject:	RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Date:	Wednesday, April 26, 2017 4:52:06 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26.doc

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Victor

Victor Buza | Senior Counsel
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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act*, *1998* (as such regulation may be amended

or replaced from time to time)-, other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each

payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From:	Victor Buza
To:	Lisa Stein
Cc:	Sarah Harris; Kelly Listoe; Salman Qadir; Anthony Martinello
Subject:	RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Date:	Wednesday, April 26, 2017 4:52:06 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26.doc

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Let me know if you have any questions or concerns.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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Lisa

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Ontario Financing Authority
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Toronto, ON M7A 1Y7
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recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act*, *1998* (as such regulation may be amended

or replaced from time to time)-, other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each

payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From: Lisa Stein
To: "Victor Buza"
Cc: Sarah Harris
Subject: RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Date: Wednesday, April 26, 2017 4:45:14 PM

Hi Victor,

The program area is still looking into the details that we've discussed. We will get back to you tomorrow.

Have a good evening,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, April 26, 2017 2:40 PM
To: Lisa Stein
Subject: RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc

Hi Lisa – thanks for this. I left you a voice-message to ask you to give me a call. Just looking for some clarification on a couple of items.

Thanks,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: April 26, 2017 1:57 PM
To: Victor Buza
Cc: Sarah Harris; Kelly Listoe; Salman Qadir
Subject: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Importance: High

Hi Victor,

Further to our call yesterday, I've met with my clients and revised the draft amending agreement accordingly. Please review the attached draft, which includes comments for your attention, and send us a further draft/execution version for review at your earliest convenience. If you would like to discuss, please do not hesitate to contact me.

Sincerely,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto, ON M7A 1Y7
Tel: 416-325-2320
Fax: 416-204-7781
****

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****

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From: Victor Buza
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Date: Wednesday, April 26, 2017 5:03:11 PM

Talk to you tomorrow.
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: April 26, 2017 4:45 PM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc

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Sent: Wednesday, April 26, 2017 2:40 PM
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Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
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Importance: High

Hi Victor,
Further to our call yesterday, I've met with my clients and revised the draft amending agreement

accordingly. Please review the attached draft, which includes comments for your attention, and send us a further draft/execution version for review at your earliest convenience. If you would like to discuss, please do not hesitate to contact me.

Sincerely,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto, ON M7A 1Y7
Tel: 416-325-2320
Fax: 416-204-7781

****

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From:	William Tan
To:	"Anthony.Martinello@ieso.ca"
Cc:	Sarah Harris; "Victor.Buza@ieso.ca"; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, June 23, 2017 5:45:08 PM
Attachments:	FHP credit facility agreement draft June 23 2017.docx

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca'
Cc: Sarah Harris ; Salman Qadir ; 'Victor.Buza@ieso.ca'
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2.

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Dollars**" or "**$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**Continued Advance"** means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same

property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance,; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [SH1]: This provision is contained in the existing IESO-OEFC Credit Facility from 2010. Could IESO please confirm that that a request of this nature from the Province is still applicable?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Anthony Martinello
To:	William Tan
Cc:	Sarah Harris; Salman Qadir; Victor Buza
Subject:	RE: IESO : OFA new FH credit facility
Date:	Wednesday, June 21, 2017 11:24:53 AM

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Anthony.Martinello@ieso.ca"
Cc:	Sarah Harris; Salman Qadir
Subject:	RE: IESO : OFA new FH credit facility
Date:	Wednesday, June 14, 2017 4:01:50 PM

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
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From: Salman Qadir
Sent: Wednesday, June 14, 2017 3:37 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

FYI – just received this update and request now.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 14, 2017 3:34 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO : OFA new FH credit facility

IESO Board has approved today to enter into the new OFA Fair Hydro credit facility $2B.

Will you ensure OFA sends us the legal docs? Regards.

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From:	William Tan
To:	"Anthony.Martinello@ieso.ca"
Cc:	Sarah Harris; Salman Qadir
Subject:	RE: IESO : OFA new FH credit facility
Date:	Wednesday, June 14, 2017 4:01:50 PM

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Capital Markets Division | Ontario Financing Authority
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To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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From:	William Tan
To:	"Anthony.Martinello@ieso.ca"
Cc:	Sarah Harris; "Victor.Buza@ieso.ca"; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, June 23, 2017 5:45:08 PM
Attachments:	FHP credit facility agreement draft June 23 2017.docx

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca'
Cc: Sarah Harris ; Salman Qadir ; 'Victor.Buza@ieso.ca'
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2.

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Dollars**" or "**$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**Continued Advance"** means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same

property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance,; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [SH1]: This provision is contained in the existing IESO-OEFC Credit Facility from 2010. Could IESO please confirm that that a request of this nature from the Province is still applicable?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: William Tan
Subject: RE: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
Date: Tuesday, June 06, 2017 12:01:55 PM

Hi Will,
You still need to reach out to Sarah Neville to ask who will be assigned to this. Since it seems that Salman has not reached out to OFA Legal, you should e-mail Sarah and cc' Salman to explain what is occurring and to ask who would be able to work on the agreement. You can let Sarah know that Salman is working on the related directive, and he would also require counsel to work that as well, so it would make sense to have the same counsel from OFA legal assigned to the file.
Sarah

From: William Tan
Sent: Tuesday, June 06, 2017 11:58 AM
To: Sarah Harris
Subject: RE: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
Hi Sarah,
Salman is asking which OFA legal counsel is working on this credit facility with us. I thought Lisa Stein was assigned to this or do I still need to formally reach out to Sarah Neville to assign someone?
Lisa nor Sarah N. raised any concerns to me.

From: Salman Qadir
Sent: Tuesday, June 06, 2017 11:20 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
Hi Will,
Would you know which OFA legal counsel is working with you on this agreement? I'm working on the directive and need to ask them to draft it as well.
Thanks,
Salman

From: William Tan
Sent: Thursday, June 01, 2017 1:47 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
Hello all,
I will be assisting with the amendment to the existing IESO and OFA Credit Agreement and drafting of the new IESO and OFA, FHP Credit Facility Agreement. I am fairly available if you have any suggestions or questions for me. I will put together a draft for each credit facility as soon as possible. The draft will require several revisions before final completion. For each draft I ask you to please identify any additional and specific information that I have missed. I look forward working with all of you.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: William Tan
To: Sarah Harris
Subject: RE: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
Date: Tuesday, June 06, 2017 11:58:06 AM

Hi Sarah,
Salman is asking which OFA legal counsel is working on this credit facility with us. I thought Lisa Stein was assigned to this or do I still need to formally reach out to Sarah Neville to assign someone?
Lisa nor Sarah N. raised any concerns to me.

From: Salman Qadir
Sent: Tuesday, June 06, 2017 11:20 AM
To: William Tan
Subject: RE: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement

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Thanks,
Salman

From: William Tan
Sent: Thursday, June 01, 2017 1:47 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement

Hello all,
I will be assisting with the amendment to the existing IESO and OFA Credit Agreement and drafting of the new IESO and OFA, FHP Credit Facility Agreement. I am fairly available if you have any suggestions or questions for me. I will put together a draft for each credit facility as soon as possible. The draft will require several revisions before final completion. For each draft I ask you to please identify any additional and specific information that I have missed. I look forward working with all of you.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Sarah Harris
Subject: RE: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
Date: Tuesday, June 06, 2017 11:58:06 AM

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Sent: Tuesday, June 06, 2017 11:20 AM
To: William Tan
Subject: RE: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement

Hi Will,
Would you know which OFA legal counsel is working with you on this agreement? I'm working on the directive and need to ask them to draft it as well.
Thanks,
Salman

From: William Tan
Sent: Thursday, June 01, 2017 1:47 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement

Hello all,
I will be assisting with the amendment to the existing IESO and OFA Credit Agreement and drafting of the new IESO and OFA, FHP Credit Facility Agreement. I am fairly available if you have any suggestions or questions for me. I will put together a draft for each credit facility as soon as possible. The draft will require several revisions before final completion. For each draft I ask you to please identify any additional and specific information that I have missed. I look forward working with all of you.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: William Tan
Subject: RE: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
Date: Tuesday, June 06, 2017 12:01:55 PM

Hi Will,
You still need to reach out to Sarah Neville to ask who will be assigned to this. Since it seems that Salman has not reached out to OFA Legal, you should e-mail Sarah and cc' Salman to explain what is occurring and to ask who would be able to work on the agreement. You can let Sarah know that Salman is working on the related directive, and he would also require counsel to work that as well, so it would make sense to have the same counsel from OFA legal assigned to the file.
Sarah

From: William Tan
Sent: Tuesday, June 06, 2017 11:58 AM
To: Sarah Harris
Subject: RE: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
Hi Sarah,
Salman is asking which OFA legal counsel is working on this credit facility with us. I thought Lisa Stein was assigned to this or do I still need to formally reach out to Sarah Neville to assign someone?
Lisa nor Sarah N. raised any concerns to me.

From: Salman Qadir
Sent: Tuesday, June 06, 2017 11:20 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
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Would you know which OFA legal counsel is working with you on this agreement? I'm working on the directive and need to ask them to draft it as well.
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From:	Sarah Harris
To:	Vivian Yan
Cc:	David Cross; Kelly Listoe; Carlos Yep
Subject:	RE: IESO needs new limit $ and term
Date:	Friday, April 28, 2017 3:49:22 PM
Attachments:	image001.png

Hi Vivian,

The new term below has been approved.

Thanks,

Sarah

From: Carlos Yep
Sent: Friday, April 28, 2017 2:56 PM
To: Sarah Harris
Cc: David Cross ; Kelly Listoe ; Vivian Yan
Subject: IESO needs new limit $ and term

Sarah,

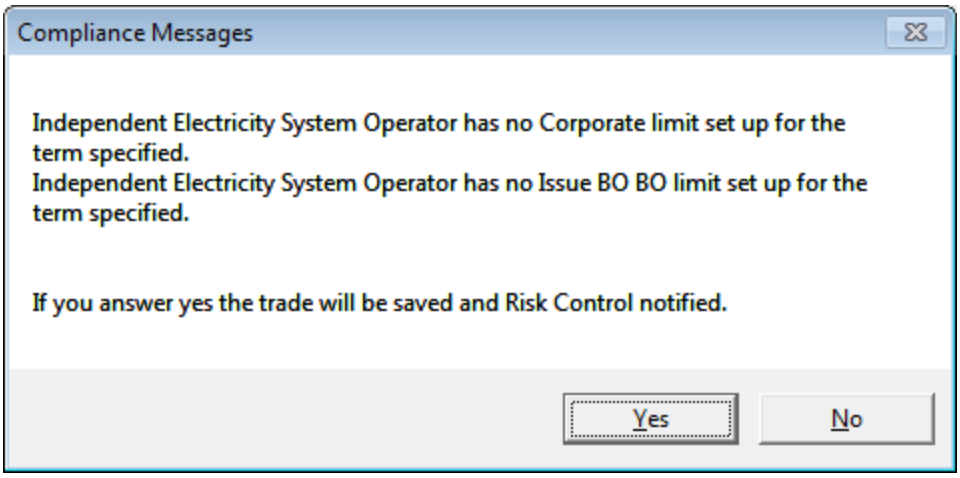
Currently, the max term for IESO bond 3yrs.

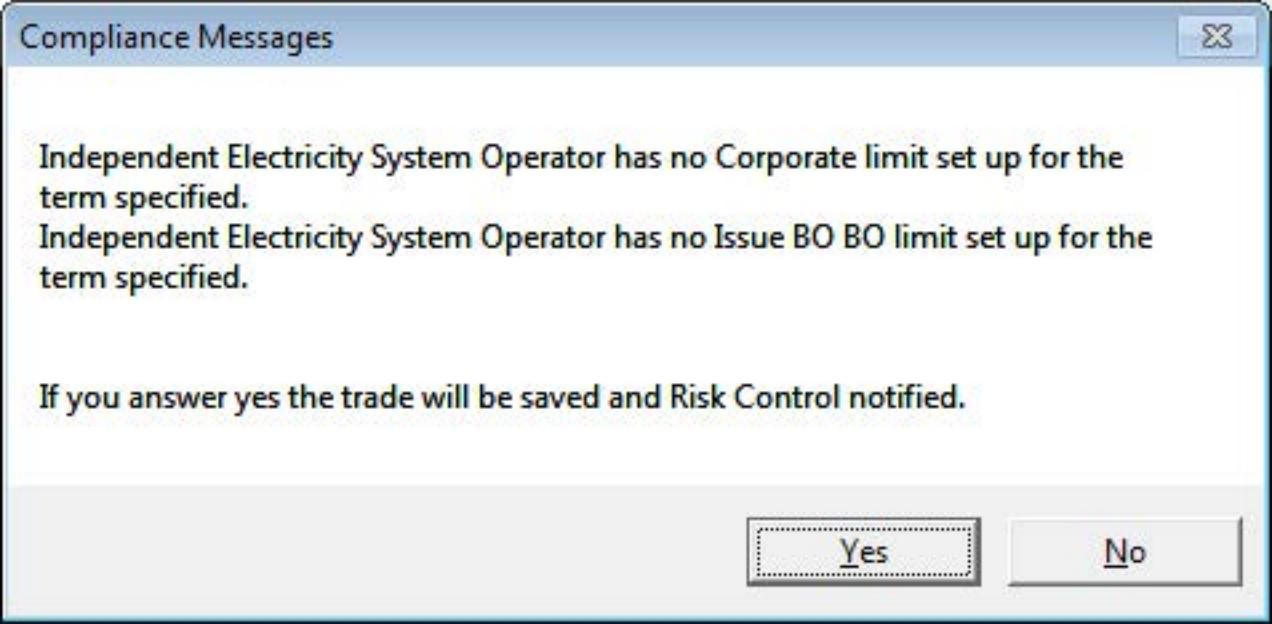
The new loan is 3y + 2 months (April 30,2017 to June 30,2020)

Can you please confirm to Vivian the new term approved so that the credit limits can be updated

Thanks

Carlos




Compliance Messages
Independent Electricity System Operator has no Corporate limit set up for the term specified.
Independent Electricity System Operator has no Issue BO BO limit set up for the term specified.
If you answer yes the trade will be saved and Risk Control notified.
Yes
No

From: Lisa Stein
To: Sarah Harris
Subject: RE: IESO
Date: Wednesday, June 21, 2017 9:37:26 AM

Hi Sarah,
Yes, I agree that it should go to Toby after my review. I'm still waiting to hear back from him re: process.
Lisa

From: Sarah Harris
Sent: Wednesday, June 21, 2017 9:31 AM
To: Lisa Stein
Subject: IESO

Hi Lisa,
I'm going to be out between 9:45 a.m. and about 12:30 p.m.
If there's anything that you think it would be helpful to discuss on the IESO agreement, I'm free to come down after that.
Toby would be looking at the agreement as well. In the interest of time, I'm thinking it may be worth bringing in Toby at the point when you've finished your review, if feasible. I'm away tomorrow, but I'm hoping that we can get the agreement in good enough shape to send to IESO tomorrow.
Thanks,
Sarah

From:	Kelly Listoe
To:	Opal Kandelas
Cc:	Sarah Harris
Subject:	RE: IESO
Date:	Thursday, May 04, 2017 10:46:42 AM
Attachments:	OFAloanstopublicbodies.docx

Hi Opal
I found something I did for Sarah in January. Please see attached.
This should help.
Kelly

From: Opal Kandelas
Sent: Thursday, May 04, 2017 10:31 AM
To: Kelly Listoe
Subject: RE: IESO
Thanks. So IESO borrows from OEFC, Province and OFA? I actually had a list that was last updated in 2016 between OFA and IESO. We must have a listing somewhere of the credit facilities/lending arrangements with IESO. Would be good to locate and get a good picture of the various lending facilities as well as to ensure they are being kept up to date. I agree that these files don't change much over the years – which is a good thing! If you have some time to look into this, that would be great. Thanks.

From: Kelly Listoe
Sent: Thursday, May 04, 2017 10:23 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO
Hi
The rate reset stuff is done now. I'm attaching what is in the file. There are 2 lists – one for OFA loans and one for OEFC loans, but they are a few years old. Could be that since these, there have only been amendments to the same facilities and nothing new.
There are some excel sheets for OPG loans that Lenin did and saved, but nothing for IESO other than the attached.
Kelly

From: Opal Kandelas
Sent: Thursday, May 04, 2017 10:16 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO
Oh I don't think you were asked previously. I assumed you were still working on any admin related items for the IESO note rate reset.

From: Kelly Listoe
Sent: Thursday, May 04, 2017 10:14 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO
Hi Opal
Sorry, I can't remember being asked to do this. I will look for what is in the file already.
Kelly

From: Opal Kandelas
Sent: Thursday, May 04, 2017 10:12 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: IESO
Hi Kelly,
I realize that you are in the midst of working on this file at the moment, but could you please send me the updated IESO amending agreements list.
Thanks,
Opal

OFA & OEFC loan agreements and credit facilities with public body clients

(excluding loans not specifically in the Documentation folder; excluding loans from other non OFA/ OEFC entities)

1). OEFC as lender

i). IESO

a). $90MM Note Payable due April 30, 2017.

b). $95MM credit facility due April 30, 2017.

ii). OPG

See attached spreadsheet for numerous facilities, many of which can no longer be drawn upon, but have outstanding maturities of previous advances. Note that the $700MM general corporate requirements and Darlington facility maturing December 31, 2017 is in the process of being increased to $2.35 BN and extended to December 31, 2018.

2). OFA as lender

i). IESO

$975MM operating line of credit due December 31, 2019.

3). Beginning on page 23 of the OFA's 2015 Annual Report, several "transactions with public bodies" are identified, none of which are included in Documentation's files (http://www.ofina.on.ca/pdf/OFA_ar15_en.pdf).

As at January 13, 2017

From:	Bruno Amara
To:	Lisa Stein
Cc:	Salman Qadir; Sarah Harris; Gavin He
Subject:	RE: IESO-OFA - FHP Line of Credit Facility Directive
Date:	Monday, June 26, 2017 10:24:59 AM

Hi Lisa
Sorry, No changes since last.
Thanks
Bruno

From: Lisa Stein
Sent: Monday, June 26, 2017 10:21 AM
To: Gavin He
Cc: Salman Qadir ; Sarah Harris ; Bruno Amara
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive
I'm aware of the new credit facility and I've already provided advice. Please advise if anything has changed that requires my review since my last review.

From: Gavin He
Sent: Monday, June 26, 2017 10:20 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive
Hi Lisa,
This is a new credit facility to be in place for IESO. The existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs and to ensure operational efficiency and tracking of related interest costs.
Hope this helps.
Regards,
Gavin He

From: Lisa Stein
Sent: Monday, June 26, 2017 10:17 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO-OFA - FHP Line of Credit Facility Directive
Hi Gavin,
I haven't looked at this yet – are these the documents I've already reviewed or is this a new credit facility?
Lisa

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,
As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?
Please let me know if you have any questions.
Thanks,
Gavin He

From:	Lisa Stein
To:	Gavin He
Cc:	Salman Qadir; Sarah Harris; Bruno Amara
Subject:	RE: IESO-OFA - FHP Line of Credit Facility Directive
Date:	Monday, June 26, 2017 10:21:15 AM

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From: Gavin He
To: Lisa Stein
Cc: Salman Qadir; Sarah Harris
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive
Date: Monday, June 26, 2017 10:19:37 AM

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Gavin He

From:	Sarah Harris
To:	Lisa Stein
Subject:	RE: IESO
Date:	Wednesday, June 21, 2017 9:38:11 AM

Thanks, Lisa.

From: Lisa Stein
Sent: Wednesday, June 21, 2017 9:37 AM
To: Sarah Harris
Subject: RE: IESO

Hi Sarah,

Yes, I agree that it should go to Toby after my review. I'm still waiting to hear back from him re: process.

Lisa

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To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO

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Thanks,

Sarah

From: Sarah Harris
To: William Tan
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Date: Wednesday, June 07, 2017 1:05:12 PM

Thanks, Will.
Sounds good.
Sarah

From: William Tan
Sent: Wednesday, June 07, 2017 1:04 PM
To: Sarah Harris
Subject: RE: IESO_OFA FEP 2017 Credit Letter

Hi Sarah,
I believe I can get you a draft end of day today or tonight. I don't have anything particularly pressing right now to pass along.

From: Sarah Harris
Sent: Wednesday, June 07, 2017 12:36 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter

HI Will,
On Monday, you initially mentioned that you thought you could provide a draft of the new credit facility today, but some things have gotten in the way. Please let me know what is on your plate (might be coming up) so I can re-delegate if needed. As mentioned, the credit facility is a high priority item which is time sensitive as it must be in place by June 30, and it must be vetted through OFA legal and negotiated with IESO.
Are you able to get provide a draft by tomorrow at 11 a.m.?
Also, please let me know if you have any questions or require any guidance on any points – if you feel it may be beneficial for me to review your draft to this point, I would be happy to do so.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:23 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

Hi Will,
I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.
Please take a look at the attached letter, and we can discuss tomorrow.
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

FYI.

Why it was sent to me directly, no idea.
Salman

From: Georgia Ritchie-Wust [mailto:georgia.ritchie-wust@ieso.ca]
Sent: Friday, May 12, 2017 2:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter

Hi,

At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.

If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca

Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
Postal Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

Corporate Services collaborates with you to deliver solutions and expertise that enable the IESO to achieve its goals.

Conservation: www.saveONenergy.ca[saveonenergy.ca] | Twitter: saveONenergyOnt[twitter.com] | LinkedIn: saveONenergy[linkedin.com]

Please consider our environmental responsibility before printing this email.

*"We are what we repeatedly do. **Excellence**, therefore, is not an act but a **habit**".*
.....(Aristotle)

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From:	William Tan
To:	Sarah Harris
Subject:	RE: IESO_OFA FEP 2017 Credit Letter
Date:	Wednesday, June 07, 2017 1:04:17 PM

Hi Sarah,
I believe I can get you a draft end of day today or tonight. I don't have anything particularly pressing right now to pass along.

From: Sarah Harris
Sent: Wednesday, June 07, 2017 12:36 PM
To: William Tan
Subject: RE: IESO_OFA FEP 2017 Credit Letter

HI Will,
On Monday, you initially mentioned that you thought you could provide a draft of the new credit facility today, but some things have gotten in the way. Please let me know what is on your plate (might be coming up) so I can re-delegate if needed. As mentioned, the credit facility is a high priority item which is time sensitive as it must be in place by June 30, and it must be vetted through OFA legal and negotiated with IESO.
Are you able to get provide a draft by tomorrow at 11 a.m.?
Also, please let me know if you have any questions or require any guidance on any points – if you feel it may be beneficial for me to review your draft to this point, I would be happy to do so.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:23 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

Hi Will,
I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.
Please take a look at the attached letter, and we can discuss tomorrow.
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

FYI.
Why it was sent to me directly, no idea.
Salman

From: Georgia Ritchie-Wust [mailto:georgia.ritchie-wust@ieso.ca]
Sent: Friday, May 12, 2017 2:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>

Subject: IESO_OFA FEP 2017 Credit Letter

Hi,

At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.

If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca

Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
Postal Station A, Box 4474, Toronto, ON M5W 4E5
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From: Sarah Harris
To: William Tan
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Date: Wednesday, June 07, 2017 12:35:49 PM

HI Will,
On Monday, you initially mentioned that you thought you could provide a draft of the new credit facility today, but some things have gotten in the way. Please let me know what is on your plate (might be coming up) so I can re-delegate if needed. As mentioned, the credit facility is a high priority item which is time sensitive as it must be in place by June 30, and it must be vetted through OFA legal and negotiated with IESO.
Are you able to get provide a draft by tomorrow at 11 a.m.?
Also, please let me know if you have any questions or require any guidance on any points – if you feel it may be beneficial for me to review your draft to this point, I would be happy to do so.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:23 PM
To: William Tan
Subject: FW: IESO_OFA FEP 2017 Credit Letter
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I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.
Please take a look at the attached letter, and we can discuss tomorrow.
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
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Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>
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From:	William Tan
To:	Sarah Harris
Subject:	RE: IESO_OFA FEP 2017 Credit Letter
Date:	Tuesday, May 30, 2017 2:27:49 PM

Hello Sarah,
I'll look it over.
Thanks,
Will

From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:23 PM
To: William Tan
Subject: FW: IESO_OFA FEP 2017 Credit Letter

Hi Will,
I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.
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From:	Sarah Harris
To:	Salman Qadir
Subject:	RE: IESO_OFA FEP 2017 Credit Letter
Date:	Tuesday, May 23, 2017 2:47:37 PM

Yep! It's a good rumour.

From: Salman Qadir
Sent: Tuesday, May 23, 2017 2:40 PM
To: Sarah Harris
Subject: RE: IESO_OFA FEP 2017 Credit Letter

This is how rumors get started hahah ☺

From: Sarah Harris
Sent: Tuesday, May 23, 2017 1:50 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter

Don't take it as a bad sign! I now know to definitively keep myself in your sphere of influence – you're going places. ☺
Thanks, Salman.
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

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From:	Salman Qadir
To:	Sarah Harris
Subject:	RE: IESO_OFA FEP 2017 Credit Letter
Date:	Tuesday, May 23, 2017 2:39:53 PM

This is how rumors get started hahah ☺

From: Sarah Harris
Sent: Tuesday, May 23, 2017 1:50 PM
To: Salman Qadir
Subject: RE: IESO_OFA FEP 2017 Credit Letter

Don't take it as a bad sign! I now know to definitively keep myself in your sphere of influence – you're going places. ☺

Thanks, Salman.

Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

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Sent: Friday, May 12, 2017 2:08 PM
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From: Sarah Harris
To: Salman Qadir
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Date: Tuesday, May 23, 2017 1:50:15 PM

Don't take it as a bad sign! I now know to definitively keep myself in your sphere of influence – you're going places. ☺
Thanks, Salman.
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris
Subject: FW: IESO_OFA FEP 2017 Credit Letter
FYI.
Why it was sent to me directly, no idea.
Salman

From: Georgia Ritchie-Wust [mailto:georgia.ritchie-wust@ieso.ca]
Sent: Friday, May 12, 2017 2:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter
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From: Sarah Harris
To: William Tan
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Date: Friday, June 09, 2017 1:01:15 PM
Attachments: FHP_IESO_OPA Original Credit Agreement (DRAFT) SH Initial comments.docx
FHP_IESO_OPA Original Credit Agreement (DRAFT) Compare.docx

Hi Will,

I have meetings at 1 and 2 p.m. today, but I wanted to get you the comments I have so far.

To answer your first question, per the IESO letter, the term of the credit facility will expiry September 30, 2022. The OIC is longer dated to provide the OFA flexibility to extend the credit facility, should it be required so we don't need to go for a new OIC.

In providing my comments I looked at existing IESO-OEFC Credit Facility, the ST IO credit facility, the LT IO credit facility and the existing OFA-IESO $975m facility.

The draft you submitted did contain some of the relevant updates, and a good question on the maturity date of the agreement. I can see that you referenced some of the above agreements, so that is helpful to get more 'up to date' provisions. However, it was somewhat challenging for me to go through this first blush, because it appears that you didn't pay attention to a lot of the details. Please note the following:

1 – It important to use spell check and to pay attention to word usage. For example, in reciting the parties you have:

> **ONTARIO FINANCING AUTORITY,** a Crown aency established under the Capital Investment Plance Act, 1993 ("OFA" and together with the IESO, the "Parties")

These typos are easily caught with spell check.

The word *principle* was used a number times where the word *principal*. We are in capital markets and this mistake should not occur. Please also note the importance of proper party referencing. On the cover page, the agreement states the Ontario Power Authority is entering into the agreement, when it should be IESO.

2- Attention to detail must also be paid section referencing (ensure all numbers are in order and not skipping or deleting any) and formatting.

3- An agreement must be internally consistent . You reference both a short-term and long-term credit facility. Look to ensure that there is consistency with one type of facility. Similarly, ensure that if you are using a defined term, that it is defined somewhere in the agreement.

4- You need to ensure that you are incorporating all the substantive changes throughout the document. For example, in the notices at the end of the agreement, a minimum term of 28 days is stated, when it should be 7 days.

5- If you are adding new provisions, it is important to understand those provisions and that they are accurate. For example, in the beginning of the agreement we state that

> **INDEPENDENT ELECTRICTY SYSTEM OPERATOR**, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**").

However, later a newly added provision reads

> the IESO has been duly incorporated and organized and is validly subsisting under the Ontario Fair Hydro Plan Act, 2017 and is in good standing under the laws of Ontario.

Which one is accurate?

It is has taken me a day to review the and go over the first draft of this. It is similarly important that

you take the time required in order go over the draft to ensure that the above changes/issues are taken into account on the first turn of the agreement that you submit to me.
I've included two versions of the draft. One of the drafts has my comments incorporated with your comments. The other is cleaner, which simply shows my changes on top of your changes. It may be easier to work with the latter version. I'll provide further comments on the next turn of the draft. As noted, this is high priority and time sensitive. Please notify me of any work that you have on your desk re: IO, T-Bills,etc. and I will have Andrea or Ryan cover them while you are working on this file. When I am finished with my meeting this afternoon, I'm free to discuss any of the changes and additions. As I said, these are my comments so far, and I would want to take another passthrough when you have submitted the revised agreement to me.
I'll also look at the amending agreement and the prom note you provided. Thanks for those.
Thanks,
Sarah

From: William Tan
Sent: Wednesday, June 07, 2017 9:30 PM
To: Sarah Harris
Subject: FW: IESO_OFA FEP 2017 Credit Letter
Hi Sarah,
Question for you. I understand that advances in this agreement have a minimum of 7 days and a maximum of 95 days in length. In my mind the advances are fairly short and will mature fairly quickly. However, according to the proposed FHP OIC materials it indicates a maturity of Dec 31, 2047. I left some comments in the draft as well. We can discuss this in the morning.
Also, may I come in an hour later as I stayed late to work on this.
Thanks,
Will

From: Sarah Harris
Sent: Wednesday, June 07, 2017 1:05 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Thanks, Will.
Sounds good.
Sarah

From: William Tan
Sent: Wednesday, June 07, 2017 1:04 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter
Hi Sarah,
I believe I can get you a draft end of day today or tonight. I don't have anything particularly pressing right now to pass along.

From: Sarah Harris
Sent: Wednesday, June 07, 2017 12:36 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter
HI Will,

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Are you able to get provide a draft by tomorrow at 11 a.m.?
Also, please let me know if you have any questions or require any guidance on any points – if you feel it may be beneficial for me to review your draft to this point, I would be happy to do so.
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From: Salman Qadir
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Subject: FW: IESO_OFA FEP 2017 Credit Letter
FYI.
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Subject: IESO_OFA FEP 2017 Credit Letter
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INDEPENDENT ELECTRICTY SYSTEM OPERATOR ~~ONTARIO POWER AUTHORITY~~

as Borrower

and

ONTARIO FINANCING AUTHORITY~~ONTARIO FINANCING AUTHORITY~~

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN~~between~~:

~~A.~~ **INDEPENDENT ELECTRICTY SYSTEM OPERATOR**, as statutory corporation without share capital existing under the Electricity Act, 1998 ~~a corporation established under the *Electricity Act, 1998*~~ (~~the "~~"**IESO**~~OPA~~") (as Borrower)

AND

ONTARIO FINANCING AUTORITY, a Crown ~~agency~~agency established under the Capital Investment Plan~~ce~~ Act, ~~1993 (~~1993 ("OFA" and together with the IESO, the "Parties")

~~B. (the "OFA")ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA"),~~

RECITALS**:**

WHEREAS The IESO~~OPA~~ has requested a~~n~~ short term revolving credit facility from ~~operating line of credit from the~~OFA for the purpose of its loan program, in the princip~~leal~~ ~~OFA in the~~ amount not to exceed Two Billion Dollars~~of~~ ($2,000,000,000);

~~500~~

AND WHEREAS pursuant to Directive (·), the IESO is authorized to borrow from the OFA by way of (a) loans; (b) entering into loan agreement provided that the maximum principal amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregate principal amount not to exceed $2,000,000,000;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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~~million and the OFA has agreed to provide such a line of credit to the OPA.~~

~~NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:~~

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

~~ARTICLE 1~~
~~DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION~~

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

~~Section 1.1 Definitions.~~
~~For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:~~

~~"Advances" means advances made by the OFA to the OPA under Article 3 and "Advance" means any one of such advances.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

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"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2500 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(e)(f) and the Swap Termination Value of each Swap Contract of such Person; and

(gf) every obligation of the type referred to in paragraphs (a) through (fe) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Loan Period"** means the period beginning on July (·), 2017 and ending on December 31, 2047.~~

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

~~**"Operating Facility"** means the revolving credit facility to be made available to the IESOOPA by the OFAOFA under this Agreement for the purposes specified in Section 2.3.~~

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO~~OPA~~ to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary ~~OPA~~ under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the IESO or such Material Subsidiary~~OPA~~;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary ~~OPA~~ that have not at the time been filed against

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the IESO or such Material Subsidiary~~OPA~~; provided, however, that if any such Lien or charge shall have been filed, the IESO~~OPA~~ or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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(g) any Lien the validity of which is being contested at the time by the IESO or a Material SubsidiaryOPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESOOPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material SubsidiaryOPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESOOPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESOOPA or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving ~~long~~short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

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Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings are ~~nd the provision of a Table of Contents are~~ for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac~~-~~cepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

~~principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.~~

Section 1.5 Non-Business ~~-~~ Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING ~~-~~ CREDIT FACILITY~~OPERATING FACILITY~~

Section 2.1 Availability.

The OFA~~OFA~~ agrees, on the terms and conditions of this Agreement, to make Advances to ~~available~~ to the IESO. ~~a revolving credit facility in a maximum principal amount not to exceed the Commitment.~~ The ~~IESO~~OFA shall make ~~Advances to the OPA. The OFA shall make~~ each Advance ~~under the short term credit facility in~~ in Canadian Dollars.

~~**Section 2.2 Loan PerioCommitment and Facility Limits.d.**~~

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~~Loans under the Short Term Revolving Credit Facility can only be advanced during the Loan Period.~~

~~If the IESO wishes to extend the expiry date of the Loan Period, it shall make a written request to amend the Agreement to the OFA not later than one hundred and twenty (120) Business Days prior to the end of the Loan Period. Any extension of this Agreement is at the discretion of the OFA and subject to the written agreement of the parties. The request for extension shall include confirmation satisfactory to the OFA that the IESO Board has authorized a Directive extending the period for borrowing under the Agreement and that the Directive has been approved by the Minister of Energy and the Minister of Finance. Extension of the Loan Period does not increase the OFA's Commitment under the Long Term Credit Facility.~~

Section 2.3~~2~~ Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.

~~Section 2.4 First Advance Period and Extension Option.~~

~~Advances are subject to Sections 3.1, 3.2 and 3.3 **under this Agreement. Extension of this Agreement is at the discretion of the** OFA **and conditional on an** IESO Directive **that authorizes such borrowing being in effect and the obtaining of any other necessary governmental approvals.**~~

Section 2.3~~5~~ Commitment and Facility Limits ~~Revolving Nature.~~

The Advances Outstanding to the IESO under the Short Term ~~Revolving~~ Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term ~~Revolving~~ Credit Facility shall revolve and no repayment under the Short Term ~~Revolving~~ Credit Facility shall reduce the Commitment.

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3 Use of Proceeds~~

~~The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.~~

Section 2.4~~6~~4 Mandatory~~-~~ Repayment.

Subject to Sections 2.5~~10~~9 and 5.~~1~~2, the IESO~~OPA~~ shall repay each Advance together with the interest accrued thereon on~~on~~ the applicable Repayment Date, and, ~~as the case may be, and, i~~In in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022. ~~December 31, 20470~~6. ~~In the event that this Agreement is amended to provide for one or more Extension Periods, such written amendment shall also specific the amended final repayment date for the purposes of this section. On each applicable payment date specified in the Credit Facility Records (as defined in Section 3.5).~~

Section 2.5~~7~~5 Prepayments.

The IESO~~ OPA~~ is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA~~ OFA~~.

Section 2.6~~8~~7 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO~~ OPA~~ shall make any payment required hereunder to be made by it to the OFA~~OFA~~, to or to the order of the OFA~~ OFA~~, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA~~OFA~~ to the IESO~~OPA~~ from time to time, or in such other manner as the OFA~~OFA~~ may specify to the IESO~~OPA~~ from time to time. The IESO~~OPA~~ shall make each such payment in Canadian Dollars.

~~(2) The OFAOFA shall make Advances to the IESO OPA under this Agreement to or to the order of the IESOOPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESOOPA to the OFAOFA from time to time, or in such other manner as the IESOOPA may specify to the OFAOFA from time to time.~~

Section 2.7~~9~~8 Computations ~~of~~ Interest.

(1) All computations of interest shall be made by the OFA~~OFA~~ taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366

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days, as the case may be.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

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Section 2.~~1089~~ Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~98~~(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province

~~(2)~~

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the Short-Term Credit ~~Operating~~ Facility from time to time on any Business Day prior to August~~November~~ 3~~10~~, 2022~~06~~.

Section 3.2 **Procedure for Advances.**

~~(1)~~ Subject to Section 3.3(3), each Advance shall be made subject to~~on~~ two~~one~~ Business Day~~'~~s' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO ~~OPA~~ to the OFA~~OFA~~. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO~~OPA~~ and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7~~1~~ days~~month~~ and not later than 95 days after the date of the requested Advance. ~~2 months or 3 months after the requested date of the Advance.~~

(1) The OFA ~~OFA~~ will make the principal amount of each Advance available to the IESO~~OPA~~ in accordance with Article

2.

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA~~OFA~~ a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO~~OPA~~ authorizes the OFA~~OFA~~ to record on the grid promissory note (a) the

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date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each~~h~~

h payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA~~OFA~~ to record any amount, rate or date shall not affect the obligation of the IESO~~OPA~~ to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The IESO~~OPA~~ may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days~~1 month, 2 months or 3 months~~ beginning on the then current Repayment Date in accordance with Section 3.3(2).

~~(1)~~(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO~~OPA~~ to the OFA~~ OFA~~. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO~~OPA~~. (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

~~(2)~~

Section 3.4 Interest on Advances.

(1) The IESO~~OPA~~ shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province~~OFA's cost of funds for borrowings with a similar term as determined by the OFA~~OFA~~ plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on

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an Advance will be calculated by the OFA~~OFA~~ by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(2)

(3) If the IESO~~OPA~~ elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO~~OPA~~ promissory note in respect of Advances held by it.

(3)

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Section 3.5 Conditions Precedent

The obligation of the IESO ~~OFA~~ to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA~~OFA~~'s satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO~~OPA~~ contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA~~OFA~~, have been no material adverse change in the financial condition of the IESO~~OPA~~; and

(d) that the OFA~~OFA~~ has received such other documentation which it has reasonably requested to ensure that the IESO~~OPA~~ is in compliance with the terms~~ms~~ and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO~~OPA~~ confirming that the borrowing is within the legal powers of the IESO~~OPA~~ and that the Agreement is a direct, unsecured obligation of the IESO~~OPA~~ enforceable against the IESO~~OPA~~ in form satisfactory to the OFA~~OFA~~.

Section 3.5 Evidence of Indebtedness

The IESO authorizes the OFA to open and maintain records (including electronic records) evidencing the indebtedness of IESO under each Loan including (a) the date and principal amount of each Loan advance; (b) the applicable rate of interest for each Loan; (c) the Repayment Date of each Loan and accrued interest thereon; (d) the date and amount of each payment of interest and of principal in respect of each Loan; and (e) the outstanding principal amount of each Loan from time to time (the "Credit Facility Records"). The IESO agrees that in the absence of manifest error, the Credit Facility Records kept by the OFA shall be conclusive evidence of the obligations of the IESO to the OFA under this Agreement with respect to all Loans and all other amounts owing by the IESO to the OFA under this Agreement, provided that that the failure of the OFA to record or correctly record any amount or date shall not affect the obligation of the IESO to pay the outstanding principal amount of each Loan and interest on each Loan in accordance with terms set out in this Agreement. After a request by the IESO, the OFA shall promptly advise the IESO of any entries made in the Credit Facility Records.

Where communications between the parties are provided on an electronic basis under this Agreement, printouts or other tangible reproductions of any electronic record maintained by a party in relation to such communications shall be considered business records in any legal, administrative or other proceedings that may arise in relation to this Agreement

ARTICLE 4

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COVENANTS OF THE

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Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

~~The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Section 4.2 IESO~~OPA~~ will ~~Maintain~~Maintain its Corporate Existence.

Subject to Section 7.1, ~~T~~the IESO~~OPA~~ will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO~~OPA~~ will cause all property owned by the IESO~~OPA~~ or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO~~OPA~~ or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO~~OPA~~ or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary~~OPA~~ from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary~~OPA~~, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The IESO~~OPA~~ will cause all property owned by the IESO or any Material Subsidiary ~~OPA~~ which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, ~~-~~carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO~~OPA~~ will not, and will not permit any Material Subsidiary to, ~~-~~create, incur or assume any Lien, charging the interest of the IESO~~OPA~~ or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO~~OPA~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary ~~OPA~~ in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens

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permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA~~OFA~~ Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, ~~T~~the IESO~~OPA~~ will, on demand, reimburse and indemnify OFA~~OFA~~ for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA ~~OFA~~ in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA~~OFA~~ as a result of any failure by the IESO~~OPA~~ to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA~~OFA~~) calculated and payable monthly not in advance from in each case from the date on which the OFA~~OFA~~ incurs the cost, charge or expense until the date on which the IESO~~OPA~~ reimbursement the OFA~~OFA~~ therefor. The OFA ~~OFA~~ agrees, acting reasonably, to invoice the IESO~~OPA~~ for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.~~6~~9 Late Repayment of Loans.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal~~ple~~ amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

~~(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and

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all other amounts owing under this Agreement on September 30, 2022 ~~December 31, 204706~~;

(c) failure on the part of the IESO~~OPA~~ to observe or perform its obligations set forth in Section 4.1;

(~~d~~e) failure on the part of the IESO~~OPA~~ to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO~~OPA~~ by the OFA~~OFA~~;

(~~e~~f) any representation or warranty made by the IESO~~OPA~~ in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA~~OFA~~ was incorrect or misleading in any material respect;

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(f) one or more breaches by the IESO~~OPA~~ of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final ~~-~~Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(i)

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary ~~OPA~~:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

~~(B)~~(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed ~~-~~ or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

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official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(~~i~~h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; ~~Rescission and~~Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Loans until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

~~If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.~~

Section 5.3 Suits for Enforcement by the OFA~~OFA~~.

If an Event of Default occurs and is continuing, the OFA~~OFA~~ may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA ~~OFA~~ by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for

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the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

~~(a)~~ to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

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(a)

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 ~~Representations and~~Representations and Warranties of IESO~~OPA~~

The ~~OPA~~IESO represents and warrants to the OFA~~OFA~~ that:

(a) the borrowing of money (including principal and accrued interest) by the IESO~~OPA~~ and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO~~OPA~~ and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO~~OPA~~, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO~~OPA~~ or any contractual or other obligation binding on the IESO~~OPA~~;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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(d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~32; and~~.

~~the IESO has been duly incorporated and organized and is validly subsisting under the Ontario Fair Hydro Plan Act, 2017 and is in good standing under the laws of Ontario.~~

~~(d)~~

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA~~OFA~~, notwithstanding any investigations or examinations which may be made by counsel for the OFA~~OFA~~.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA ~~of Ontario~~.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
~~7~~ GENERAL

Section 8~~7~~.1~~1~~ Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic ~~communication addressed~~communication addressed:

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If to the IESO~~OPA~~, to it at:

Independent Electricity System Operator
~~Ontario Power Authority 880 Bay Street~~120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON M5H 1T1~~ M7A 2C~~

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

~~Attention: Chief Executive Officer Telephone:~~
~~Telecopier:~~

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

~~Attention:~~ ~~Executive Director – Capital Markets~~
~~Telephone:~~ ~~Division (416) 325-8128~~
~~Telecopier:~~ ~~(416) 325-8005~~

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 87.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 87.1.

Section 87.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 87.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section 87.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise
of such right shall not preclude ~~an other~~another or further exercise of such right or the exercise of any other right.

Section 87.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section 87.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 87.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 87.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

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ONTARIO FINANCING AUTHORITY	**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**
Per:	Per:
Name: Michael D. Manning	Name: Kimberly Marshall
Title: Executive Director Capital Markets Division	Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

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~~**IN WITNESS WHEREOF** the parties have executed this Agreement as of the 1st day of January, 2005.~~

ONTARIO POWER AUTHORITY

by: --0+"J-<-J.L-"<Z1-J'--"o<+1.1.'-'-'-...._...>..
Name: Rosalyn awrence
Authorized Signing Officer

and: ,/f?
Name: Ricgs
Authorized Signing Officer

ONTARIO FINANCING HORITY

by: """"
Name: Gadi Mayman
Title: Chief Executive Officer

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SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority
("OFA") 1 Dundas Street West,
Suite 1400 Toronto, Ontario,
M7A1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____
(b) The aggregate amount of the Proposed Advance is ___
(c) The Repayment Date of the Proposed Advance is _____;
[not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street
West Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

~~SCHEDULE 3~~

~~ONTARIO POWER AUTHORITY~~

~~GRID NOTE~~

~~Principal Amount: Up to $500,000,000 Date: _____~~

~~**FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY** (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).~~

~~OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.~~

~~The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.~~

~~This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

~~This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.~~

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~~**IN WITNESS WHEREOF** the OPA has executed this Note.~~

ONTARIO POWER AUTHORITY

Per: _____

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Commented [SH26]: Confirm

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~28~~ 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

_____ Name:

_____ Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than ~~28~~7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "**Company**"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017, as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

~~**ONTARIO POWER AUTHORITY**~~

INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTORITY, a Crown ~~agncy~~agency established under the Capital Investment ~~Plance~~Plan Act, 1993~~-~~ ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its loan program, in the ~~principle~~principal amount not to exceed Two Billion Dollars ($2,000,000,000);

AND WHEREAS pursuant to Directive (·), the IESO is authorized to borrow from the OFA by way of (a) loans; (b) entering into loan agreement provided that the maximum principal amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregate principal amount not to exceed $2,000,000,000;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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Commented [WT2]: Advances?

Commented [WT3]: Advances?

SH: You'll need a copy of the draft directive from Salman

Commented [WT4]: Borrowing notice?

Commented [WT5]: Borrowing notice?
SH: You'll need a copy of the draft directive from Salman

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO~~,~~ and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; ~~and~~

(f) ~~(f~~the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Loan Period"** means the period beginning on July (•), 2017 and ending on December 31, 2047.~~

~~**"Operating Facility"**~~ **"Material Subsidiary"** means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

Commented [SH6]: No need to include. If you follow form of existing IESO-OFA credit facility, this is covered under Mandatory Repayment sections

"Note" means the ~~revolving credit facility to be made available to the~~notes of IESO ~~by the OFA~~issued under this Agreement ~~for the purposes specified in Section 2.3.~~

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving ~~long~~short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

Commented [SH7]: Must be either a short or long term credit facility

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make ~~available~~Advances to to the IESO ~~a revolving credit facility in a maximum principal amount not to exceed the Commitment.~~ The ~~IESO~~OFA shall make each Advance ~~under the short term credit facility~~ in Canadian Dollars.

Section 2.2 ~~Loan Period.~~

~~Loans under the Short Term Revolving Credit Facility can only be advanced during the Loan Period.~~

~~If the IESO wishes to extend the expiry date of the Loan Period, it shall make a written request~~

Commented [SH8]: No need to include this section, as IESO IESO hasn't asked to have this option. If you were to include, be careful with wording because there is not Long Term Credit Facility

~~to amend the Agreement to the OFA not later than one hundred and twenty (120) Business Days prior to the end of the Loan Period. Any extension of this Agreement is at the discretion of the OFA and subject to the written agreement of the parties. The request for extension shall include confirmation satisfactory to the OFA that the IESO Board has authorized a Directive extending the period for borrowing under the Agreement and that the Directive has been approved by the Minister of Energy and the Minister of Finance. Extension of the Loan Period does not increase the OFA's Commitment under the Long Term Credit Facility.~~

Commented [WT9]: Minister of Energy, Is this accurate?

~~Section 2.3~~ **Use of Proceeds.**

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT10]: I'm not sure if this still applies.

Commented [WT11]: I'm not sure if this still applies. SH: Purposes should be under FHP, so get LSB and Corp Finance to comment.

Section 2.~~4 First Advance Period and Extension Option.~~

~~Advances are subject to Sections~~ **3**~~.1, 3.2 and 3.3 under this Agreement. Extension of this Agreement is at the discretion of the OFA and conditional on an IESO Directive that authorizes such borrowing being in effect and the obtaining of any other necessary governmental approvals.~~

~~Section 2.5~~ **Commitment and ~~Revolving Nature.~~Facility Limits**

The Advances Outstanding to the IESO under the Short Term ~~Revolving~~ Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term ~~Revolving~~ Credit Facility shall revolve and no repayment under the Short Term ~~Revolving~~ Credit Facility shall reduce the Commitment.

Commented [SH12]: Need to use the defined term

Section 2.~~6~~ ~~4~~ Mandatory Repayment.

Subject to Sections 2.~~10~~5 and 5.~~1~~2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, ~~as the case may be.~~and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2047. In the event that this Agreement is amended to provide for one or more Extension Periods, such written amendment shall also specific the amended final repayment date for the purposes of this section. On each applicable payment date specified in the Credit Facility Records (as defined in Section 3.5)~~September 30, 2022.

Commented [WT13]: Credit facility is active until September 30, 2022 and fully repaid by December 31, 2047?

Section 2.~~7~~5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~8~~6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order

of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

~~(2)(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.~~

Section 2.~~9~~7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~10~~8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [SH14]: Need to discuss with OFA Legal. This may need to be the minimum per of the loan i.e. 7 days before expiry of the agreement

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made ~~on~~subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article

Commented [SH15]: Define relevant article.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business

Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO. (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

Commented [SH16]: Drafting on the revised provision needs to be completed if included

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~(2)

~~(4)~~(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Section 3.5 Evidence of Indebtedness

The IESO authorizes the OFA to open and maintain records (including electronic records) evidencing the indebtedness of IESO under each Loan including (a) the date and principal amount of each Loan advance; (b) the applicable rate of interest for each Loan; (c) the Repayment Date of each Loan and accrued interest thereon; (d) the date and amount of each payment of interest and of principal in respect of each Loan; and (e) the outstanding principal amount of each Loan from time to time (the "Credit Facility Records"). The IESO agrees that in the absence of manifest error, the Credit Facility Records kept by the OFA shall be conclusive evidence of the obligations of the IESO to the OFA under this Agreement with respect to all Loans and all other amounts owing by the IESO to the OFA under this Agreement, provided that that the failure of the OFA to record or correctly record any amount or date shall not affect the obligation of the IESO to pay the outstanding principal amount of each Loan and interest on each Loan in accordance with terms set out in this Agreement. After a request by the IESO, the OFA shall promptly advise the IESO of any entries made in the Credit Facility Records.

Commented [SH17]: Not a defined term. We also say that IESO is executing a grid note. How do the electronic records work together with the Grid Note?

Where communications between the parties are provided on an electronic basis under this Agreement, printouts or other tangible reproductions of any electronic record maintained by a party in relation to such communications shall be considered business records in any legal, administrative or other proceedings that may arise in relation to this Agreement

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.~~6~~9 Late Repayment of Loans.

Commented [SH18]: Not a defined term (same comment per following provision).

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the ~~principle~~principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on ~~December 31, 2047~~September 30, 2022 ;

Commented [WT19]: To be confirmed.

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH20]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismissed~~undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(~~i~~h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Loans until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Commented [SH21]: Not a defined term.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the

property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation

binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.~~3; and~~2.

~~(e) the IESO has been duly incorporated and organized and is validly subsisting under the Ontario Fair Hydro Plan Act, 2017 and is in good standing under the laws of Ontario.~~

Commented [SH22]: IESO was not incorporated under this Act. No need to include.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA~~ of Ontario~~.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8

GENERAL

Section 8.1 **Notices.**

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect

to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude ~~an other~~another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Commented [SH23]: Confirm

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than ~~28~~7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than ~~28~~7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

From: Kelly Listoe
To: Tobias P. Whitfield (MOF)
Cc: Sarah Harris
Subject: RE: Message from "14-PRT06"
Date: Monday, April 03, 2017 10:30:02 AM

Sounds good.

Kelly

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 10:30 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly - we have been working on something and will forward it shortly - probably within the hour.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 3, 2017 10:29 AM
To: Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Toby

What is your timeframe like on the NDA?

Thanks,

Kelly

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:33 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Hi Opal,

Toby is just on the phone. We will call you in 5 minutes or so. Thanks.

Malle

-----Original Message-----
From: Opal Kandelas [mailto:Opal.Kandelas@ofina.on.ca]
Sent: March 30, 2017 4:31 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA); Listoe, Kelly (OFA)
Subject: RE: Message from "14-PRT06"

Hi,
Both Kelly and Sarah are out of the office but I'm still here if you would like to discuss.

Opal
416-325-8142

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:23 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi - We just left a message for Sarah as we would like to discuss possible procurement and conflicts issues. I think that we will still need more information about the broader context here in order to advise on this.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:55 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

Carlos is saying that there will be no financial compensation for the advisor. The benefit to it, is that it will gain insight into how the new structure works and experience with the spv which may be beneficial in obtaining work from the spv in the future. They won't provide for any compensation in the NDA itself.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:13 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Is there a domestic syndicate agreement?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Carlos Yep
Sent: Thursday, March 30, 2017 2:28 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Is the information being given to all 3 potential advisors or just the one that will be hired?
>only to one

What type of information is being given? Need a description.
>financial information associated with a special purpose vehicle being
>created and accompanying legislature being drafted

For what purpose is the advisor being given this information? What use will the advisor make of the information?
>to provide advice on the structure of financing alternatives for the
>special purpose vehicle

What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
>to provide advice on the structure of financing alternatives for the
>special purpose vehicle primary contacts will be the OFA and Energy as
>well as others within Ontario govt External contacts will be lawyers
>hired by Energy to help draft legislation Ontario government
>agencies/related parties and regulators: OPG, IESO, etc

What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?
>there is no procurement

How much and how will the advisor be paid?
>there is no fee paid

Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.
>advisor services are provided as part of domestic syndicate agreement

-----Original Message-----
From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:50 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 1:32 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have some precedent non-disclosure agreements that I have drafted in the past, but we need some more information.

Here are some questions that will assist:

Is the information being given to all 3 potential advisors or just the one that will be hired?
What type of information is being given? Need a description.
For what purpose is the advisor being given this information? What use will the advisor make of the information?
What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
What about internal disclosure within the advisor's company?
Is there a procurement process of any type to hire the advisor?
How much and how will the advisor be paid?
Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 12:43 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have read it over now. Should we have a short call about this. This is a significant project and does the Province/OFA/OEFC plan to hire a financial advisor to advise on aspects of it. Quite possibly there will be more than one advisory contract here as there seem to be capital markets, accounting, etc. issues involved here. Also, looking at the background information, I don't' know that it is necessarily clear who is going to the borrowing whether it's the Province or OEFC and which entity will provide the equity injection (Minister of Energy holds the shares in OPG). So we can't do a non-disclosure agreement in isolation. What information are we giving to the financial advisor and what are we asking them to do?

I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)
Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor will do, payment, etc. Sorry haven't read it yet.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:14 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Kelly Listoe
To: Malle Hanslep (MOF)
Cc: Sarah Harris
Subject: RE: Message from "14-PRT06"
Date: Thursday, March 30, 2017 3:55:27 PM

Hi Malle

Carlos is saying that there will be no financial compensation for the advisor. The benefit to it, is that it will gain insight into how the new structure works and experience with the spv which may be beneficial in obtaining work from the spv in the future. They won't provide for any compensation in the NDA itself.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:13 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Is there a domestic syndicate agreement?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Carlos Yep
Sent: Thursday, March 30, 2017 2:28 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Is the information being given to all 3 potential advisors or just the one that will be hired?
>only to one

What type of information is being given? Need a description.
>financial information associated with a special purpose vehicle being
>created and accompanying legislature being drafted

For what purpose is the advisor being given this information? What use will the advisor make of the information?
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What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
>to provide advice on the structure of financing alternatives for the
>special purpose vehicle primary contacts will be the OFA and Energy as
>well as others within Ontario govt External contacts will be lawyers
>hired by Energy to help draft legislation Ontario government
>agencies/related parties and regulators: OPG, IESO, etc

What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?
>there is no procurement

How much and how will the advisor be paid?
>there is no fee paid

Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.
>advisor services are provided as part of domestic syndicate agreement

-----Original Message-----
From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:50 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

Kelly Listoe

Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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Sent: Thursday, March 30, 2017 1:32 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

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I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

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Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor will do, payment, etc. Sorry haven't read it yet.

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:14 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

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-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Kelly Listoe
To: Malle Hanslep (MOF)
Cc: Sarah Harris
Subject: RE: Message from "14-PRT06"
Date: Thursday, March 30, 2017 3:55:27 PM

Hi Malle

Carlos is saying that there will be no financial compensation for the advisor. The benefit to it, is that it will gain insight into how the new structure works and experience with the spv which may be beneficial in obtaining work from the spv in the future. They won't provide for any compensation in the NDA itself.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
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Subject: RE: Message from "14-PRT06"

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To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

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From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Opal Kandelas
To:	Malle Hanslep (MOF); Kelly Listoe
Cc:	Tobias P. Whitfield (MOF); Sarah Harris
Subject:	RE: Message from "14-PRT06"
Date:	Thursday, March 30, 2017 3:28:16 PM

They've hired Blake, Cassels & Graydon as far as I know. Unlikely they will be actually drafting legislation but assuming they will have some input.
The contract should be with the Province.

Opal

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:21 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Hi - I don't think that we should provide any draft legislation to this advisor so I would not include that in the description. I would describe the information more generally. I also don't know that Energy will be hiring outside counsel to draft legislation - maybe they are but we don't know about it so we should reference maybe the Province's legal advisors there. I wonder who Energy is planning to hire for this, if anyone - would think that any legislative drafting would be done by Provincial counsel. Maybe we could provide that Province will let them know who they can share and discuss with as part of project.

Who is going to sign this agreement on behalf of Province? Is it really a contract of the OFA or of the Province?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:09 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

They are saying a year.

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Documentation & Compliance Coordinator
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-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:07 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Last item is for how long do you think the services will be required?

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Sent: March 30, 2017 2:29 PM
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What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 12:43 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

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I have read it over now. Should we have a short call about this. This is a significant project and does the Province/OFA/OEFC plan to hire a financial advisor to advise on aspects of it. Quite possibly there will be more than one advisory contract here as there seem to be capital markets, accounting, etc. issues involved here. Also, looking at the background information, I don't' know that it is necessarily clear who is going to the borrowing whether it's the Province or OEFC and which entity will provide the equity injection (Minister of Energy holds the shares in OPG). So we can't do a non-disclosure agreement in isolation. What information are we giving to the financial advisor and what are we asking them to do?

I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

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From: Hanslep, Malle (MOF)
Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor will do, payment, etc. Sorry haven't read it yet.

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Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

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-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

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-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Opal Kandelas
To:	Malle Hanslep (MOF); Kelly Listoe
Cc:	Tobias P. Whitfield (MOF); Sarah Harris
Subject:	RE: Message from "14-PRT06"
Date:	Thursday, March 30, 2017 3:28:16 PM

They've hired Blake, Cassels & Graydon as far as I know. Unlikely they will be actually drafting legislation but assuming they will have some input.
The contract should be with the Province.

Opal

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:21 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Hi - I don't think that we should provide any draft legislation to this advisor so I would not include that in the description. I would describe the information more generally. I also don't know that Energy will be hiring outside counsel to draft legislation - maybe they are but we don't know about it so we should reference maybe the Province's legal advisors there. I wonder who Energy is planning to hire for this, if anyone - would think that any legislative drafting would be done by Provincial counsel. Maybe we could provide that Province will let them know who they can share and discuss with as part of project.

Who is going to sign this agreement on behalf of Province? Is it really a contract of the OFA or of the Province?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:09 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

They are saying a year.

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Documentation & Compliance Coordinator
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Ontario Financing Authority
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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:07 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Last item is for how long do you think the services will be required?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

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-----Original Message-----
From: Carlos Yep
Sent: Thursday, March 30, 2017 2:28 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Is the information being given to all 3 potential advisors or just the one that will be hired?
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What type of information is being given? Need a description.
>financial information associated with a special purpose vehicle being
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For what purpose is the advisor being given this information? What use will the advisor make of the information?
>to provide advice on the structure of financing alternatives for the
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What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
>to provide advice on the structure of financing alternatives for the
>special purpose vehicle primary contacts will be the OFA and Energy as
>well as others within Ontario govt External contacts will be lawyers
>hired by Energy to help draft legislation Ontario government
>agencies/related parties and regulators: OPG, IESO, etc

What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?
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How much and how will the advisor be paid?
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Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.
>advisor services are provided as part of domestic syndicate agreement

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From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:50 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

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To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

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From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Hanslep, Malle (MOF)
To:	Kelly Listoe
Cc:	Tobias P. Whitfield (MOF); Opal Kandelas; Sarah Harris
Subject:	RE: Message from "14-PRT06"
Date:	Thursday, March 30, 2017 3:20:38 PM

Hi - I don't think that we should provide any draft legislation to this advisor so I would not include that in the description. I would describe the information more generally. I also don't know that Energy will be hiring outside counsel to draft legislation - maybe they are but we don't know about it so we should reference maybe the Province's legal advisors there. I wonder who Energy is planning to hire for this, if anyone - would think that any legislative drafting would be done by Provincial counsel. Maybe we could provide that Province will let them know who they can share and discuss with as part of project.

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Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
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Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Hanslep, Malle (MOF)
To:	Kelly Listoe
Cc:	Tobias P. Whitfield (MOF); Opal Kandelas; Sarah Harris
Subject:	RE: Message from "14-PRT06"
Date:	Thursday, March 30, 2017 3:20:38 PM

Hi - I don't think that we should provide any draft legislation to this advisor so I would not include that in the description. I would describe the information more generally. I also don't know that Energy will be hiring outside counsel to draft legislation - maybe they are but we don't know about it so we should reference maybe the Province's legal advisors there. I wonder who Energy is planning to hire for this, if anyone - would think that any legislative drafting would be done by Provincial counsel. Maybe we could provide that Province will let them know who they can share and discuss with as part of project.

Who is going to sign this agreement on behalf of Province? Is it really a contract of the OFA or of the Province?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:09 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

They are saying a year.

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Last item is for how long do you think the services will be required?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

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From: Carlos Yep
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To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

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What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?
>there is no procurement

How much and how will the advisor be paid?
>there is no fee paid

Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

>advisor services are provided as part of domestic syndicate agreement

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Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

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What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]

Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

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Kelly

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I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

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Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor will do, payment, etc. Sorry haven't read it yet.

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To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

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Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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Date:	Thursday, March 30, 2017 3:18:46 PM

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Documentation & Compliance Coordinator
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Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

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Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

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Queries to: 14-PRT06@ofina.on.ca

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Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From: Whitfield, Tobias P. (MOF)
To: Kelly Listoe
Cc: Sarah Harris
Subject: RE: Message from "14-PRT06"
Date: Monday, April 03, 2017 10:29:45 AM

Hi Kelly - we have been working on something and will forward it shortly - probably within the hour.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 3, 2017 10:29 AM
To: Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Toby

What is your timeframe like on the NDA?

Thanks,

Kelly

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:33 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Hi Opal,

Toby is just on the phone. We will call you in 5 minutes or so. Thanks.

Malle

-----Original Message-----
From: Opal Kandelas [mailto:Opal.Kandelas@ofina.on.ca]
Sent: March 30, 2017 4:31 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA); Listoe, Kelly (OFA)
Subject: RE: Message from "14-PRT06"

Hi,
Both Kelly and Sarah are out of the office but I'm still here if you would like to discuss.

Opal
416-325-8142

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:23 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi - We just left a message for Sarah as we would like to discuss possible procurement and conflicts issues. I think that we will still need more information about the broader context here in order to advise on this.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:55 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

Carlos is saying that there will be no financial compensation for the advisor. The benefit to it, is that it will gain insight into how the new structure works and experience with the spv which may be beneficial in obtaining work from the spv in the future. They won't provide for any compensation in the NDA itself.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:13 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Is there a domestic syndicate agreement?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Carlos Yep
Sent: Thursday, March 30, 2017 2:28 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Is the information being given to all 3 potential advisors or just the one that will be hired?
>only to one

What type of information is being given? Need a description.
>financial information associated with a special purpose vehicle being
>created and accompanying legislature being drafted

For what purpose is the advisor being given this information? What use will the advisor make of the information?
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>special purpose vehicle

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>to provide advice on the structure of financing alternatives for the
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>well as others within Ontario govt External contacts will be lawyers
>hired by Energy to help draft legislation Ontario government
>agencies/related parties and regulators: OPG, IESO, etc

What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?
>there is no procurement

How much and how will the advisor be paid?
>there is no fee paid

Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.
>advisor services are provided as part of domestic syndicate agreement

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From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:50 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
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To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Hi Kelly,

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Here are some questions that will assist:

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Is there a procurement process of any type to hire the advisor?
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Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM

To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
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Sent: Thursday, March 30, 2017 12:43 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have read it over now. Should we have a short call about this. This is a significant project and does the Province/OFA/OEFC plan to hire a financial advisor to advise on aspects of it. Quite possibly there will be more than one advisory contract here as there seem to be capital markets, accounting, etc. issues involved here. Also, looking at the background information, I don't' know that it is necessarily clear who is going to the borrowing whether it's the Province or OEFC and which entity will provide the equity injection (Minister of Energy holds the shares in OPG). So we can't do a non-disclosure agreement in isolation. What information are we giving to the financial advisor and what are we asking them to do?

I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor will do, payment, etc. Sorry haven't read it yet.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:14 PM

To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
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Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
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Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From: Kelly Listoe
To: Malle Hanslep (MOF)
Cc: Tobias P. Whitfield (MOF); Opal Kandelas; Sarah Harris
Subject: RE: Message from "14-PRT06"
Date: Thursday, March 30, 2017 3:09:09 PM

Hi Malle

They are saying a year.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Last item is for how long do you think the services will be required?

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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Subject: RE: Message from "14-PRT06"

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Subject: FW: Message from "14-PRT06"

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Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

1 Dundas Street West, Ste. 1400
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Documentation & Compliance Coordinator
Capital Markets

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Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
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Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
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Toronto, ON. M7A 1Y7
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To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

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To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

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Queries to: 14-PRT06@ofina.on.ca

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Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From: Hanslep, Malle (MOF)
To: Kelly Listoe
Cc: Sarah Harris; Opal Kandelas; Tobias P. Whitfield (MOF)
Subject: RE: Message from "14-PRT06"
Date: Thursday, March 30, 2017 1:55:02 PM

Thank you.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 1:51 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi Malle

I'm trying to gather answers on these from Carlos and will get back to you asap.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have read it over now. Should we have a short call about this. This is a significant project and does the Province/OFA/OEFC plan to hire a financial advisor to advise on aspects of it. Quite possibly there will be more than one advisory contract here as there seem to be capital markets, accounting, etc. issues involved here. Also, looking at the background information, I don't' know that it is necessarily clear who is going to the borrowing whether it's the Province or OEFC and which entity will provide the equity injection (Minister of Energy holds the shares in OPG). So we can't do a non-disclosure agreement in isolation. What information are we giving to the financial advisor and what are we asking them to do?

I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor

will do, payment, etc. Sorry haven't read it yet.

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:14 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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To:	Kelly Listoe
Subject:	RE: Message from "14-PRT06"
Date:	Thursday, March 30, 2017 1:44:17 PM

-----Original Message-----
From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:35 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Can I just send these questions to Mike and get the answers?

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
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Sent: Thursday, March 30, 2017 1:32 PM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Hi Kelly,

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Here are some questions that will assist:

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What about internal disclosure within the advisor's company?
Is there a procurement process of any type to hire the advisor?
How much and how will the advisor be paid?
Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

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-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

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From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
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Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

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Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

(416) 325 - 8090

-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From: Whitfield, Tobias P. (MOF)
To: Kelly Listoe
Cc: Sarah Harris
Subject: RE: Message from "14-PRT06"
Date: Monday, April 03, 2017 10:29:45 AM

Hi Kelly - we have been working on something and will forward it shortly - probably within the hour.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 3, 2017 10:29 AM
To: Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Toby

What is your timeframe like on the NDA?

Thanks,

Kelly

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:33 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Hi Opal,

Toby is just on the phone. We will call you in 5 minutes or so. Thanks.

Malle

-----Original Message-----
From: Opal Kandelas [mailto:Opal.Kandelas@ofina.on.ca]
Sent: March 30, 2017 4:31 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA); Listoe, Kelly (OFA)
Subject: RE: Message from "14-PRT06"

Hi,
Both Kelly and Sarah are out of the office but I'm still here if you would like to discuss.

Opal
416-325-8142

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:23 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi - We just left a message for Sarah as we would like to discuss possible procurement and conflicts issues. I think that we will still need more information about the broader context here in order to advise on this.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:55 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

Carlos is saying that there will be no financial compensation for the advisor. The benefit to it, is that it will gain insight into how the new structure works and experience with the spv which may be beneficial in obtaining work from the spv in the future. They won't provide for any compensation in the NDA itself.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
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1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Is there a domestic syndicate agreement?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Carlos Yep
Sent: Thursday, March 30, 2017 2:28 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Is the information being given to all 3 potential advisors or just the one that will be hired?
>only to one

What type of information is being given? Need a description.
>financial information associated with a special purpose vehicle being
>created and accompanying legislature being drafted

For what purpose is the advisor being given this information? What use will the advisor make of the information?
>to provide advice on the structure of financing alternatives for the
>special purpose vehicle

What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
>to provide advice on the structure of financing alternatives for the
>special purpose vehicle primary contacts will be the OFA and Energy as
>well as others within Ontario govt External contacts will be lawyers
>hired by Energy to help draft legislation Ontario government
>agencies/related parties and regulators: OPG, IESO, etc

What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?
>there is no procurement

How much and how will the advisor be paid?
>there is no fee paid

Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.
>advisor services are provided as part of domestic syndicate agreement

-----Original Message-----
From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:50 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
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Sent: March 30, 2017 12:56 PM

To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

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1 Dundas Street West, Ste. 1400
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(416) 325 - 8090

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To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: FW: Message from "14-PRT06"

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Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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To:	Kelly Listoe
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Subject:	RE: Message from "14-PRT06"
Date:	Thursday, March 30, 2017 1:32:16 PM

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Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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Sent: March 30, 2017 12:14 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

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Regards,

Kelly Listoe
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Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

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To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

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To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

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From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From: Hanslep, Malle (MOF)
To: Kelly Listoe
Cc: Sarah Harris; Opal Kandelas; Tobias P. Whitfield (MOF)
Subject: RE: Message from "14-PRT06"
Date: Thursday, March 30, 2017 12:43:18 PM

Hi Kelly,

I have read it over now. Should we have a short call about this. This is a significant project and does the Province/OFA/OEFC plan to hire a financial advisor to advise on aspects of it. Quite possibly there will be more than one advisory contract here as there seem to be capital markets, accounting, etc. issues involved here. Also, looking at the background information, I don't' know that it is necessarily clear who is going to the borrowing whether it's the Province or OEFC and which entity will provide the equity injection (Minister of Energy holds the shares in OPG). So we can't do a non-disclosure agreement in isolation. What information are we giving to the financial advisor and what are we asking them to do?

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Scan Date: 03.30.2017 10:31:55 (-0400)
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Subject: Message from "14-PRT06"

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Scan Date: 03.30.2017 10:31:55 (-0400)
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From: Kelly Listoe
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Subject: RE: Message from "14-PRT06"
Date: Thursday, March 30, 2017 12:40:17 PM

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Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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Subject: Message from "14-PRT06"

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To:	Kelly Listoe
Cc:	Sarah Harris; Opal Kandelas; Tobias P. Whitfield (MOF)
Subject:	RE: Message from "14-PRT06"
Date:	Thursday, March 30, 2017 12:18:22 PM

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Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From:	Hanslep, Malle (MOF)
To:	Opal Kandelas; Tobias P. Whitfield (MOF)
Cc:	Sarah Harris; Kelly Listoe
Subject:	RE: Message from "14-PRT06"
Date:	Thursday, March 30, 2017 4:33:34 PM

Hi Opal,

Toby is just on the phone. We will call you in 5 minutes or so. Thanks.

Malle

-----Original Message-----
From: Opal Kandelas [mailto:Opal.Kandelas@ofina.on.ca]
Sent: March 30, 2017 4:31 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA); Listoe, Kelly (OFA)
Subject: RE: Message from "14-PRT06"

Hi,
Both Kelly and Sarah are out of the office but I'm still here if you would like to discuss.

Opal
416-325-8142

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:23 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi - We just left a message for Sarah as we would like to discuss possible procurement and conflicts issues. I think that we will still need more information about the broader context here in order to advise on this.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:55 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

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Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:13 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Is there a domestic syndicate agreement?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Carlos Yep
Sent: Thursday, March 30, 2017 2:28 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

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>only to one

What type of information is being given? Need a description.
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>created and accompanying legislature being drafted

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>to provide advice on the structure of financing alternatives for the
>special purpose vehicle primary contacts will be the OFA and Energy as
>well as others within Ontario govt External contacts will be lawyers
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>agencies/related parties and regulators: OPG, IESO, etc

What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?
>there is no procurement

How much and how will the advisor be paid?
>there is no fee paid

Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.
>advisor services are provided as part of domestic syndicate agreement

-----Original Message-----
From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:50 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

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How much and how will the advisor be paid?
Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
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I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

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Kelly Listoe
Documentation & Compliance Coordinator
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Subject: RE: Message from "14-PRT06"

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I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

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From: Hanslep, Malle (MOF)
Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor will do, payment, etc. Sorry haven't read it yet.

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:14 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

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Kelly Listoe
Documentation & Compliance Coordinator
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Ontario Financing Authority
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(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM

To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
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Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From: Hanslep, Malle (MOF)
To: Kelly Listoe
Cc: Sarah Harris; Opal Kandelas
Subject: RE: Message from "14-PRT06"
Date: Thursday, March 30, 2017 11:58:41 AM

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
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Toronto, ON. M7A 1Y7
(416) 325 - 8090

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From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

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From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

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Cc:	Sarah Harris; Kelly Listoe
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Date:	Thursday, March 30, 2017 4:33:34 PM

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Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From: Opal Kandelas
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc: Sarah Harris; Kelly Listoe
Subject: RE: Message from "14-PRT06"
Date: Thursday, March 30, 2017 4:30:36 PM

Hi,
Both Kelly and Sarah are out of the office but I'm still here if you would like to discuss.

Opal
416-325-8142

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:23 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi - We just left a message for Sarah as we would like to discuss possible procurement and conflicts issues. I think that we will still need more information about the broader context here in order to advise on this.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:55 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

Carlos is saying that there will be no financial compensation for the advisor. The benefit to it, is that it will gain insight into how the new structure works and experience with the spv which may be beneficial in obtaining work from the spv in the future. They won't provide for any compensation in the NDA itself.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 3:13 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Is there a domestic syndicate agreement?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Carlos Yep
Sent: Thursday, March 30, 2017 2:28 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Is the information being given to all 3 potential advisors or just the one that will be hired?
>only to one

What type of information is being given? Need a description.
>financial information associated with a special purpose vehicle being
>created and accompanying legislature being drafted

For what purpose is the advisor being given this information? What use will the advisor make of the information?
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>well as others within Ontario govt External contacts will be lawyers
>hired by Energy to help draft legislation Ontario government
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What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?

>there is no procurement

How much and how will the advisor be paid?
>there is no fee paid

Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.
>advisor services are provided as part of domestic syndicate agreement

-----Original Message-----
From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:50 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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What about internal disclosure within the advisor's company?
Is there a procurement process of any type to hire the advisor?
How much and how will the advisor be paid?
Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to

give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

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Documentation & Compliance Coordinator
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Sent: Thursday, March 30, 2017 12:43 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have read it over now. Should we have a short call about this. This is a significant project and does the Province/OFA/OEFC plan to hire a financial advisor to advise on aspects of it. Quite possibly there will be more than one advisory contract here as there seem to be capital markets, accounting, etc. issues involved here. Also, looking at the background information, I don't' know that it is necessarily clear who is going to the borrowing whether it's the Province or OEFC and which entity will provide the equity injection (Minister of Energy holds the shares in OPG). So we can't do a non-disclosure agreement in isolation. What information are we giving to the financial advisor and what are we asking them to do?

I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

-----Original Message-----
From: Hanslep, Malle (MOF)

Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor will do, payment, etc. Sorry haven't read it yet.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:14 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

Regards,

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Toronto, ON. M7A 1Y7
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-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe

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1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

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From: Opal Kandelas
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc: Sarah Harris; Kelly Listoe
Subject: RE: Message from "14-PRT06"
Date: Thursday, March 30, 2017 4:30:36 PM

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Hi - We just left a message for Sarah as we would like to discuss possible procurement and conflicts issues. I think that we will still need more information about the broader context here in order to advise on this.

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Please see Carlos' responses below.

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To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

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Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
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From:	Hanslep, Malle (MOF)
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>well as others within Ontario govt External contacts will be lawyers
>hired by Energy to help draft legislation Ontario government
>agencies/related parties and regulators: OPG, IESO, etc

What about internal disclosure within the advisor's company?
>advisor will have own rules regarding sharing of confidential
>information within their own company

Is there a procurement process of any type to hire the advisor?
>there is no procurement

How much and how will the advisor be paid?
>there is no fee paid

Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
>province (OFA + Energy) and advisor

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.
>advisor services are provided as part of domestic syndicate agreement

-----Original Message-----

From: Kelly Listoe
Sent: Thursday, March 30, 2017 1:50 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Thanks, Carlos. Below are Malle's questions about the non disclosure agreement prototype.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 1:32 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have some precedent non-disclosure agreements that I have drafted in the past, but we need some more information.

Here are some questions that will assist:

Is the information being given to all 3 potential advisors or just the one that will be hired?
What type of information is being given? Need a description.
For what purpose is the advisor being given this information? What use will the advisor make of the information?
What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
What about internal disclosure within the advisor's company?
Is there a procurement process of any type to hire the advisor?
How much and how will the advisor be paid?
Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?
What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)

Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

Kelly Listoe
Documentation & Compliance Coordinator
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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 12:43 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have read it over now. Should we have a short call about this. This is a significant project and does the Province/OFA/OEFC plan to hire a financial advisor to advise on aspects of it. Quite possibly there will be more than one advisory contract here as there seem to be capital markets, accounting, etc. issues involved here. Also, looking at the background information, I don't' know that it is necessarily clear who is going to the borrowing whether it's the Province or OEFC and which entity will provide the equity injection (Minister of Energy holds the shares in OPG). So we can't do a non-disclosure agreement in isolation. What information are we giving to the financial advisor and what are we asking them to do?

I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor will do, payment, etc. Sorry haven't read it yet.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:14 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)

Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

Regards,

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-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe
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-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Hanslep, Malle (MOF)
To:	Kelly Listoe
Cc:	Sarah Harris; Tobias P. Whitfield (MOF)
Subject:	RE: Message from "14-PRT06"
Date:	Thursday, March 30, 2017 4:23:23 PM

Hi - We just left a message for Sarah as we would like to discuss possible procurement and conflicts issues. I think that we will still need more information about the broader context here in order to advise on this.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 3:55 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA)
Subject: RE: Message from "14-PRT06"

Hi Malle

Carlos is saying that there will be no financial compensation for the advisor. The benefit to it, is that it will gain insight into how the new structure works and experience with the spv which may be beneficial in obtaining work from the spv in the future. They won't provide for any compensation in the NDA itself.

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Sent: Thursday, March 30, 2017 3:13 PM
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Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. Is there a domestic syndicate agreement?

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 2:29 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kandelas, Opal (OFA); Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

Please see Carlos' responses below.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
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-----Original Message-----
From: Carlos Yep
Sent: Thursday, March 30, 2017 2:28 PM
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Kelly Listoe
Documentation & Compliance Coordinator
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Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)

Subject: RE: Message from "14-PRT06"

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Kelly

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To: Hanslep, Malle (MOF)
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Subject: RE: Message from "14-PRT06"

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Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
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Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

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Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
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-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Kelly Listoe
To: Tobias P. Whitfield (MOF)
Cc: Sarah Harris
Subject: RE: Message from "14-PRT06"
Date: Monday, April 03, 2017 10:30:02 AM

Sounds good.

Kelly

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 10:30 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly - we have been working on something and will forward it shortly - probably within the hour.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 3, 2017 10:29 AM
To: Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA)
Subject: FW: Message from "14-PRT06"

Hi Toby

What is your timeframe like on the NDA?

Thanks,

Kelly

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:33 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Hi Opal,

Toby is just on the phone. We will call you in 5 minutes or so. Thanks.

Malle

-----Original Message-----
From: Opal Kandelas [mailto:Opal.Kandelas@ofina.on.ca]
Sent: March 30, 2017 4:31 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA); Listoe, Kelly (OFA)
Subject: RE: Message from "14-PRT06"

Hi,
Both Kelly and Sarah are out of the office but I'm still here if you would like to discuss.

Opal
416-325-8142

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 4:23 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

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Carlos is saying that there will be no financial compensation for the advisor. The benefit to it, is that it will gain insight into how the new structure works and experience with the spv which may be beneficial in obtaining work from the spv in the future. They won't provide for any compensation in the NDA itself.

Regards,

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Subject: FW: Message from "14-PRT06"

Hi Malle

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For what purpose is the advisor being given this information? What use will the advisor make of the information?
What is the advisor being hired to do? Pricing/financing issues about what? Need a description of the project or services Can the advisor talk to anyone about the information or the project? i.e. other ministry staff, ministry of energy, OFA, OEFC?
What about internal disclosure within the advisor's company?
Is there a procurement process of any type to hire the advisor?
How much and how will the advisor be paid?
Who are the parties to the agreement? Is it the Province that is hiring the advisor and giving them the information?

What is the consideration for the advisor's agreement for keeping it confidential? i.e. the advisor is being paid to give advice.

I think if we can get some more information along these lines it would be helpful. Also, if the contracting party is the OFA or OEFC then I will need to speak to Sarah Neville.

Thanks.

Malle
-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:56 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

Hi

Mike is just asking for an agreement for the dealer he hires to advise on pricing/ financing issues. I believe they are talking to RBC, TD and BMO. This request is confined to that. He wants it done by Monday I've been told.

Kelly

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 12:43 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Message from "14-PRT06"

Hi Kelly,

I have read it over now. Should we have a short call about this. This is a significant project and does the Province/OFA/OEFC plan to hire a financial advisor to advise on aspects of it. Quite possibly there will be more than one advisory contract here as there seem to be capital markets, accounting, etc. issues involved here. Also, looking at the background information, I don't' know that it is necessarily clear who is going to the borrowing whether it's the Province or OEFC and which entity will provide the equity injection (Minister of Energy holds the shares in OPG). So we can't do a non-disclosure agreement in isolation. What information are we giving to the financial advisor and what are we asking them to do?

I think we need more context here and also if it is OEFC hiring the financial advisor, we should be speaking to Sarah Neville too. This is a project that Ronald Kwan's group is involved in.

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)
Sent: March 30, 2017 12:18 PM
To: Listoe, Kelly (OFA)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Message from "14-PRT06"

In addition to the "non-disclosure" aspect, will there be a contract for OEFC to hire the advisor, ie. What the advisor will do, payment, etc. Sorry haven't read it yet.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 12:14 PM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: RE: Message from "14-PRT06"

Ok - looking at the info on page 2 - looks like the OEFC will be looking to "hire" the advisor regarding pricing/ financing the amounts shown in the paper. This advisor will be a member of the current bond syndicate. Mike wants a non - disclosure for this advisor. Given the structure and all the items mentioned in the paper, I would say it should be pretty broad.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 30, 2017 11:59 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: Message from "14-PRT06"

Thanks. I have also passed it on to Toby to review because he may be involved in this project from another aspect.

-----Original Message-----
From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: March 30, 2017 10:57 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Kandelas, Opal (OFA)
Subject: FW: Message from "14-PRT06"

Hi Malle

I just met with Opal and Sarah. Attached is an overview of what is happening. I have not yet read it. Please have a read of it and see if there is an agreement template or something that would work for non - disclosure purposes.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

-----Original Message-----
From: Opal Kandelas
Sent: Thursday, March 30, 2017 10:51 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: Message from "14-PRT06"

Here you go....

-----Original Message-----
From: 14-PRT06@ofina.on.ca [mailto:14-PRT06@ofina.on.ca]
Sent: Thursday, March 30, 2017 10:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Message from "14-PRT06"

This E-mail was sent from "14-PRT06" (MP C4503).

Scan Date: 03.30.2017 10:31:55 (-0400)
Queries to: 14-PRT06@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Lisa Stein
To:	William Tan; William Tan
Cc:	Sarah Harris
Subject:	RE: Missed conversation with William Tan
Date:	Wednesday, June 21, 2017 12:44:00 PM

After my review it needs to go to MOF Legal. Perhaps by the end of the week/early next week?

From: William Tan [mailto:william.tan@ofina.on.ca]
Sent: Wednesday, June 21, 2017 12:20 PM
To: William Tan ; Lisa Stein
Subject: Missed conversation with William Tan

William Tan 12:17 PM:

Hi Lisa,

i know your doing a thorough review of the agreement.

Someone from IESO is enquiring about the status of the agreement.

Do you have an approximate idea when you will be done the review so i may provide IESO an indicative timeline?

From:	Kelly Listoe
To:	Opal Kandelas; Sarah Harris
Subject:	RE: NDA Agreement
Date:	Monday, April 03, 2017 3:24:14 PM

Ok, that is done. I am leaving looping in OFA legal to LSB.
Kelly

From: Opal Kandelas
Sent: Monday, April 03, 2017 3:10 PM
To: Kelly Listoe ; Sarah Harris
Subject: RE: NDA Agreement

Thanks Kelly. I'd suggest you go back to LSB and provide your marked up draft and let them know the reasons for the changes. I'll touch base with Mike as to the status of the work being done on this. LSB will loop in OFA legal (or you can offer to do it).
Thanks,
Opal.

From: Kelly Listoe
Sent: Monday, April 03, 2017 3:07 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: NDA Agreement

Sorry – there was a small change to the doc that doesn't look like it was saved into the one I just sent. This draft has it, so you can delete the last one!
Kelly

From: Kelly Listoe
Sent: Monday, April 03, 2017 3:03 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: NDA Agreement

Hi Opal and Sarah
Attached is a draft of the NDA. I discussed the 3 bullet points with Carlos and found the following:

- The advice is regarding the financing structure and alternatives for the spv given the legislation that eventually is drafted. On page 2 of the OPG White Paper, it indicates that all of the percentages shown are "indicative and will be highly dependent on the legislation"… this gives rise to the need for an advisor once the legislation is known.
- Carlos says the OFA will sign the NDA. Sarah - Do you want to send it to the appropriate lawyer in OFA legal?
- The banks/ dealers have the appropriate Chinese Walls in place to deal with conflicts of interest.

I agree with Sarah that the NDA itself should suffice in this instance.
Regards,
Kelly

From: Sarah Harris
Sent: Monday, April 03, 2017 2:49 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: NDA Agreement

Hi Opal,
Kelly is looking into the first 3 bullet points as the relate to the NDA.
The attached advisory agreement seems to be overkill for the what I understand to be a very narrow scope of advice being given. It seems to me that as long as we state the type of advice being provided in the NDA, with *possibly* a conflict of interest rep in the NDA, I think that would cover what is needed.
Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 11:58 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: NDA Agreement

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Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.
We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.
Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

To: Kelly Listoe; Opal Kandelas
Subject: RE: NDA Agreement
Date: Monday, April 03, 2017 3:12:13 PM

Hi Kelly,
Once Opal advises on the engagement a

From: Kelly Listoe
Sent: Monday, April 03, 2017 3:07 PM
To: Opal Kandelas ; Sarah Harris
Subject: FW: NDA Agreement
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I agree with Sarah that the NDA itself should suffice in this instance.
Regards,
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Sent: Monday, April 03, 2017 2:49 PM
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Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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tobias.whitfield@ontario.ca
Phone: 416-325-1456

From:	Opal Kandelas
To:	Kelly Listoe; Sarah Harris
Subject:	RE: NDA Agreement
Date:	Monday, April 03, 2017 3:09:36 PM

Thanks Kelly. I'd suggest you go back to LSB and provide your marked up draft and let them know the reasons for the changes. I'll touch base with Mike as to the status of the work being done on this. LSB will loop in OFA legal (or you can offer to do it).
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Phone: 416-325-1456

From:	Kelly Listoe
To:	Sarah Harris; Opal Kandelas
Subject:	RE: NDA Agreement
Date:	Monday, April 03, 2017 3:02:54 PM
Attachments:	GA NDA April 3(1).doc

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tobias.whitfield@ontario.ca
Phone: 416-325-1456

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

~~[~~ONTARIO FINANCING AUTHORITY~~][NTD: WHO WILL BE THE CONTRACTING PARTY?]~~
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving ~~an [informal][NTD: Need to consider scope of retainer]~~ ~~assessment/~~advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 ~~Canadian~~ and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]** by or on behalf of ~~[~~**OFA**~~]~~ ~~[or Her Majesty in right of Ontario (the "Province")]~~ for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of ~~[~~**OFA**~~]~~, which consent may be withheld in ~~[~~**OFA**~~]~~**'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

   (a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the ~~[~~**OFA**~~]~~ are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by ~~[~~**OFA**~~]~~ to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of ~~[~~**OFA**~~]~~ and/or the Province ~~[NTD: Could it also be information of OPG?]~~ and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and ~~[~~**OFA**~~]~~ regarding the Project identified therein, and to provide advice and/or further information to ~~[~~**OFA**~~]~~ in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, ~~,~~ ~~,~~directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,~~,~~ directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. Prior to commencing work, ~~T~~the Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners,~~,~~ directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

7. **Security**

[Adviser/Dealer] shall take reasonable steps to keep the Project Information secure. The Project Information shall be maintained, in the case of hard copies, in a locked cabinet when not in use, and in a secure location when in use, and maintained, in the case of electronic information, including back-up copies, in a database that is only accessible to employees, officers, partners or directors of Adviser/Dealer to whom the Information can be disclosed under this Agreement.

~~8. **Retention, Return or Destruction of Project Information**~~

~~[Suggest we do not include this unless requested to.]~~

~~**Adviser/Dealer]** shall return to **[OFA]** all of the Project Information in the custody or control of **[Adviser/Dealer]** or its employees, , partners, directors or officers, that was provided to **[Adviser/Dealer]** whether it is in hard copy form, on disk or contained in any other medium whatsoever, immediately upon **[OFA]**'s written request, and any copies or extracts of the Project Information in written form, in electronic form or in any medium whatsoever, shall be deleted permanently or destroyed in accordance with **[OFA]**'s instructions. If no request is made by **[OFA]** for the return or destruction of the Project Information, the Project Information shall be returned to **[OFA]** within [twenty (20) business days] [NTD: 20 days is probably too soon – possibly we can delete this sentence and just rely on OFA to tell Dealer when to destroy or return.] after the date of this Agreement and any copy or extract, will be deleted permanently or destroyed by **[Adviser/Dealer]** and **[Adviser/Dealer]** shall, if requested by **[OFA]**, provide a certificate certifying such deletion or destruction.~~

~~9~~8. **Breach**

[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the ~~[~~**OFA**~~]~~ **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the ~~[~~**OFA**~~]~~ and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, ~~,~~ director or officer, shall be reported to the ~~[~~**OFA**~~]~~ by **[Adviser/Dealer]**.

~~9~~10. **Applicable Laws**

The laws of the Province of Ontario and the applicable laws of Canada shall govern this Agreement, and **[Adviser/Dealer]** hereby attorns to the jurisdiction of the courts of the Province of Ontario in respect hereof.

10~~1~~. **FIPPA**

No information, records or documents containing personal information shall be provided to **[Adviser/Dealer]** pursuant to this Agreement. **[Adviser/Dealer]** acknowledges that ~~[~~**OFA**~~]~~ is bound by the Ontario *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If a request is made under FIPPA for access to information or records provided by ~~[~~**OFA**~~]~~ under this Agreement, **[Adviser/Dealer]** will cooperate with ~~[~~**OFA**~~]~~ in identifying records responsive to the request and responding to it in a timely manner.

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The terms and obligations pertaining to confidentiality and limitations as to the use of the Project Information in this Agreement shall remain in full force and effect and shall survive the return to the OFA (or the destruction) of the Project Information provided or made available under this Agreement.

The obligations of **[Adviser/Dealer]** after the return to ~~[~~**OFA**~~]~~ of the Project Information shall not apply to any part of the Project Information which is, or becomes, generally available to the public other than as a result of: (i) a violation of this Agreement; or (ii) disclosure pursuant to any applicable law, rule or regulation, or by order of a court or governmental body or agency or authority of competent jurisdiction, provided that **[Adviser/Dealer]** shall notify ~~[~~**OFA**~~]~~ of such disclosure promptly and comply with paragraph (Compelled Disclosure) before making the disclosure.

Compelled Disclosure

If the Adviser/Dealer or any of its employees, officers, partners, or directors becomes legally compelled to disclose any of the Project Information, the Adviser/Dealer will provide the OFA with prompt written notice and particulars so that the OFA may, within the timeframe legally required, seek a protective order or other appropriate order or remedy to prevent or limit such disclosure. The Adviser/Dealer shall consent to and assist (and shall cause any of its employees, officers, partners and directors to consent and assist) the OFA and its legal counsel in obtaining any protective order or other appropriate remedy that the OFA may seek for the purpose of preventing disclosure of any of the Project Information. If such protective order or other remedy is not obtained, the Adviser/Dealer will disclose (and cause its employees, officers, partners and directors to disclose) only that portion of the Project Information which the Proponent is legally compelled to disclose as advised by written opinion of its legal counsel addressed to the OFA, the Adviser/Dealer or its employees, officer, partner or directors) is legally required to disclose and the Adviser/Dealer will exercise all reasonable efforts to obtain reliable assurances that confidential treatment, to the extent available and practicable, will be accorded all disclosed Project Information.

Notice. Any notice or other communication to be given under this Agreement shall be addressed to:

(a) in the case of notice to the OFA:

~~[Insert contact details]~~Mr. Michael Manning
Executive Director
Ontario Financing Authority
One Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7
Canada

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(b) In the case of notice to the Adviser/Dealer:

[Insert contact details]

Any notice, demand or other communication required or permitted to be given or made under this Agreement shall be in writing and unless delivered personally to a responsible officer of the addressee, shall be sent by facsimile transmission or e-mail to the above addresses.

Each notice so given shall be deemed to have been received on the day of delivery, if so delivered or on the day of sending if sent by facsimile transmission or email or on the first business day thereafter if it was not sent on a business day during business hours of the recipient.

12~~3~~. **Enurement**

The provisions of this Agreement shall enure to the benefit of, and be binding upon, the parties and their successors and permitted assigns.

This Agreement may only be amended, modified or supplemented by a written agreement signed by both of the parties hereto.

No waiver of or consent to depart from the requirements of any provision of this Agreement shall be binding against either party hereto unless it is in writing and is signed by the party giving it. No failure on the part of either party hereto exercise, and to delay in exercising, any right under this Agreement shall operate as a waiver of such right.

13~~4~~. **Counterparts**

This Agreement may be executed in counterparts.

In witness whereof the parties have executed this Agreement as of the date first written above.

~~[~~ONTARIO FINANCING AUTHORITY~~]~~
by:

_____
Name: Michael Manning
Title: Executive Director

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[ADVISER/DEALER]
by:

_____
Name:
Title:
I have the authority to bind the company.

From:	Kelly Listoe
To:	Sarah Harris; Opal Kandelas
Subject:	RE: NDA Agreement
Date:	Monday, April 03, 2017 3:02:54 PM
Attachments:	GA NDA April 3(1).doc

Hi Opal and Sarah

Attached is a draft of the NDA. I discussed the 3 bullet points with Carlos and found the following:

- The advice is regarding the financing structure and alternatives for the spv given the legislation that eventually is drafted. On page 2 of the OPG White Paper, it indicates that all of the percentages shown are "indicative and will be highly dependent on the legislation"… this gives rise to the need for an advisor once the legislation is known.
- Carlos says the OFA will sign the NDA. Sarah - Do you want to send it to the appropriate lawyer in OFA legal?
- The banks/ dealers have the appropriate Chinese Walls in place to deal with conflicts of interest.

I agree with Sarah that the NDA itself should suffice in this instance.

Regards,

Kelly

From: Sarah Harris
Sent: Monday, April 03, 2017 2:49 PM
To: Opal Kandelas
Cc: Kelly Listoe
Subject: FW: NDA Agreement

Hi Opal,

Kelly is looking into the first 3 bullet points as the relate to the NDA.

The attached advisory agreement seems to be overkill for the what I understand to be a very narrow scope of advice being given. It seems to me that as long as we state the type of advice being provided in the NDA, with *possibly* a conflict of interest rep in the NDA, I think that would cover what is needed.

Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 11:58 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: NDA Agreement

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.

Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.

We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of

provisions that could be considered for inclusion in such an agreement.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Confidential and Privileged Legal Advice – April 1, 2017 – MOF LSB
Note regarding this NDA and the retention of an adviser:

We have a number of questions relating to this NDA, and issues that should be considered in retaining an adviser:

- We have not been able to confirm what the scope of the advice being sought is. If the advice is restricted to advising on market timing and potential demand for certain securities, this is more limited than broader advice relating to structuring the transaction;
- We think it should be clear who the adviser is working for, and how the advice will be presented to the Province. If the advice is going to be to the Ministry of Energy or the Minister of Finance, will be given through the OFA?;
- Are there potential conflicts of interest between the adviser's role as an adviser and as a potential underwriter or other business of the adviser?

In addition, it should be considered whether it is appropriate to have an adviser without an agreement for the services that the adviser would be providing. The NDA protects the Province with respect to the disclosure of the information to third parties, but it does not set out the role, responsibilities or other matters relating to conflicts or other duties of the adviser. Terms of such an agreement that may be considered in such a context include:

- Scope of engagement;
- Performance Warranty – setting out the standard to which the adviser is to carry out the work and provide advice;
- Copyright and IP provisions;
- Conflict of interest provisions – setting out the primary duties of the adviser and how they must conduct themselves with respect to any potential conflicts;
- Indemnities – setting out the adviser's indemnities to the OFA for certain risks.

Non-Disclosure Agreement

This Agreement is made effective this day of

BETWEEN:

~~[~~ONTARIO FINANCING AUTHORITY~~][NTD: WHO WILL BE THE CONTRACTING PARTY?]~~
(hereinafter called "OFA")

- and -

[ADVISER/DEALER]
(hereinafter called "**[Adviser/Dealer]**")

WHEREAS OFA intends to provide to **[Adviser/Dealer]**, on a confidential basis, certain information, materials and documentation (the "Project Information") concerning or relevant to a proposed initiative relating to a electricity prices in the Province and measures to mitigate such prices, (the "Project") for the limited purposes of conducting discussions with **[Adviser/Dealer]** and receiving ~~an [informal][NTD: Need to consider scope of retainer]~~ ~~assessment/~~advice from **[Adviser/Dealer]** in relation thereto;

NOW THEREFORE, in consideration of the payment of $2.00 ~~Canadian~~ and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by **[Adviser/Dealer]**, the parties agree as follows:

1. **Project Information**
The term "Project Information" shall include the data, information, specifications, plans, criteria, strategies, materials, notes, analyses, studies, interpretations and other documents regarding the Project which is provided to **[Adviser/Dealer]** by or on behalf of ~~[~~**OFA**~~]~~ ~~[or Her Majesty in right of Ontario (the "Province")]~~ for the purposes of this Agreement, verbally or in any medium whatsoever, as the case may be, and includes any copies, summaries, restatements or extracts thereof.

2. **Non-Disclosure of the Project Information**
Without the prior written consent of ~~[~~**OFA**~~]~~, which consent may be withheld in ~~[~~**OFA**~~]~~**'s** unfettered discretion, **[Adviser/Dealer]** will not disclose to any person or entity:

   (a) the Project Information, or any portion thereof, provided to it under this Agreement;

(b) the fact that the Province and the ~~[~~**OFA**~~]~~ are considering the Project identified in the Project Information; or

(c) the fact that the Project lnformation has been made available by ~~[~~**OFA**~~]~~ to **[Adviser/Dealer]** or others.

3. **Use of the Project Information**

[Adviser/Dealer] acknowledges that the Project Information to be provided to it under this Agreement is confidential and proprietary information of ~~[~~**OFA**~~]~~ and/or the Province ~~[NTD: Could it also be information of OPG?]~~ and may be privileged. **[Adviser/Dealer]** agrees that the Project Information will be used by **[Adviser/Dealer]** only to facilitate discussions between **[Adviser/Dealer]** and ~~[~~**OFA**~~]~~ regarding the Project identified therein, and to provide advice and/or further information to ~~[~~**OFA**~~]~~ in connection therewith and will not use the Project Information, directly or indirectly, for any other purpose.

4. **Recording and Copying**

[Adviser/Dealer] shall track and control all hard copies and electronic copies of the Project Information.

5. **Restriction on Disclosure**

[Adviser/Dealer] shall not disclose, transfer or provide access to any of the Project Information to any person or entity, other than to those employees, partners, ~~,~~ ~~,~~directors or officers of **[Adviser/Dealer]** who need to know the Project Information in furtherance of the purposes of this Agreement.

6. **Internal Personnel**

Prior to disclosing any of the Project Information to any of its employees, partners,~~,~~ directors or officers, **[Adviser/Dealer]** shall inform each such person of all of the obligations contained in this Agreement. Prior to commencing work, ~~T~~the Adviser/Dealer shall identify in writing to the OFA those individuals who will be primarily responsible for providing the advice/assessment to the OFA as set out in paragraph 3 and shall not replace or substitute those individuals without the prior written approval of OFA. The Adviser/Dealer shall keep a list of all such employees, partners, director or officers to whom the Project Information is disclosed and provide it to the OFA upon request. **[Adviser/Dealer]** agrees to enforce such obligations to the extent required to prevent the unauthorized disclosure or use of the Project Information or other contravention of this Agreement and agrees to be responsible for and to indemnity and save harmless the OFA and the Province from and against any loss, cost, damage, expense and liability suffered or incurred by the OFA and/or the Province arising out of any breach of confidentiality by its employees, partners,~~,~~ directors or officers. The Adviser/Dealer acknowledges that the OFA holds the benefit of this indemnity in trust for itself and the Province and that the OFA can enforce such indemnity on behalf of the Province.

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[Adviser/Dealer] acknowledges that a breach of any provision of this Agreement will result in immediate and irreparable harm to the ~~[~~**OFA**~~]~~ **and the Province** and that monetary damages will not provide a sufficient remedy for any breach and agrees that in the event of such breach the ~~[~~**OFA**~~]~~ and the Province shall, in addition to any other relief, be entitled to seek equitable relief including without limitation relief by way of temporary or permanent injunction and to such other relief that any court of competent jurisdiction may deem just or appropriate. Any breach known to **[Adviser/Dealer]** of the obligation(s) in this Agreement, including any breach by an employee, partner, ~~,~~ director or officer, shall be reported to the ~~[~~**OFA**~~]~~ by **[Adviser/Dealer]**.

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M7A 1Y7
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by:

_____
Name: Michael Manning
Title: Executive Director

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[ADVISER/DEALER]
by:

_____
Name:
Title:
I have the authority to bind the company.

To:	Kelly Listoe
Subject:	RE: NDA Agreement
Date:	Monday, April 03, 2017 2:24:50 PM

Hi Kelly,
Thanks for your mark-up. It doesn't seem to be overly complicated.
I think we need to clarify the contracting party. Carlos indicates the "the Province" i.e. OFA and Energy. You can't really have the OFA contracting as the Province – separate entities (OFA contracts as a separate entity under CIPA). We can include Energy under Her Majesty the Queen, since they are a "Ministry", but OFA can't go under the umbrella of HMQ.

From: Kelly Listoe
Sent: Monday, April 03, 2017 1:18 PM
To: Sarah Harris
Subject: FW: NDA Agreement
I should add – if you look at the white paper that was prepared by OPG, on page 2 there is the proposed structure of the "deal" with the spv included. It is noted that the percentages and types of debt/ equity are subject to change depending on the eventual legislation enacted. It seems to me that this is largely what the Province (OFA/ Energy) need the advisor for – advise on this structure based on what the legislation ends up looking like – simple as that.
Kelly

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Hi Sarah
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Bullet 1 seems to be answered by "to provide advice on the structure of financing alternatives for the special purpose vehicle"
We could confirm again with Carlos/ Mike who is receuiving the advice. I left it as the OFA based on his previous response.
For potential conflicts within the advisor, I know they all have their own Chinese Walls in place.
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Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Counsel, Legal Services Branch
Ministry of Finance
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Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From:	Kelly Listoe
To:	Opal Kandelas; Sarah Harris
Subject:	RE: NDA Agreement
Date:	Monday, April 03, 2017 3:24:14 PM

Ok, that is done. I am leaving looping in OFA legal to LSB.
Kelly

From: Opal Kandelas
Sent: Monday, April 03, 2017 3:10 PM
To: Kelly Listoe ; Sarah Harris
Subject: RE: NDA Agreement

Thanks Kelly. I'd suggest you go back to LSB and provide your marked up draft and let them know the reasons for the changes. I'll touch base with Mike as to the status of the work being done on this. LSB will loop in OFA legal (or you can offer to do it).
Thanks,
Opal.

From: Kelly Listoe
Sent: Monday, April 03, 2017 3:07 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: NDA Agreement

Sorry – there was a small change to the doc that doesn't look like it was saved into the one I just sent. This draft has it, so you can delete the last one!
Kelly

From: Kelly Listoe
Sent: Monday, April 03, 2017 3:03 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: NDA Agreement

Hi Opal and Sarah
Attached is a draft of the NDA. I discussed the 3 bullet points with Carlos and found the following:

- The advice is regarding the financing structure and alternatives for the spv given the legislation that eventually is drafted. On page 2 of the OPG White Paper, it indicates that all of the percentages shown are "indicative and will be highly dependent on the legislation"… this gives rise to the need for an advisor once the legislation is known.
- Carlos says the OFA will sign the NDA. Sarah - Do you want to send it to the appropriate lawyer in OFA legal?
- The banks/ dealers have the appropriate Chinese Walls in place to deal with conflicts of interest.

I agree with Sarah that the NDA itself should suffice in this instance.
Regards,
Kelly

From: Sarah Harris
Sent: Monday, April 03, 2017 2:49 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: NDA Agreement

Hi Opal,
Kelly is looking into the first 3 bullet points as the relate to the NDA.
The attached advisory agreement seems to be overkill for the what I understand to be a very narrow scope of advice being given. It seems to me that as long as we state the type of advice being provided in the NDA, with *possibly* a conflict of interest rep in the NDA, I think that would cover what is needed.
Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, April 03, 2017 11:58 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: NDA Agreement

Please find attached a draft of a Non-Disclosure Agreement respecting obtaining advice from a financial adviser with respect to the Ontario Fair Hydro Plan.
Please note that this draft is preliminary, and we have a number of questions and concerns that are set out in the draft. We would like to point out that there is no agreement setting out the scope or nature of the services and the basis on which those services would be provided including the standard that is required from the adviser as well as conflict of interest requirements and other issues, and that the NDA does not replace such an agreement.
We have also attached a scan of an agreement that the OFA negotiated in 2004 to hire an adviser for a project relating to electricity finance as an example of such an agreement and the types of provisions that could be considered for inclusion in such an agreement.
Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

To: Kelly Listoe
Cc: Opal Kandelas
Subject: RE: NDA
Date: Wednesday, April 05, 2017 12:44:39 PM

Thanks, Kelly.
Could you please 'accept all changes' and save as clean draft.
You can then send it to Mike, along with a covering e-mail something along the lines of:

> Hello Mike,
> Per your conversation with Opal, attached is a sample Non-Disclosure Agreement that can be sent to Ministry of Energy for their consideration.
> You may note to MOE that the agreement is still fairly general in nature, and that we have highlighted for them on the first page of the draft a number of issues that they may want to consider incorporating in their draft including the clarification of the scope services provided and any relevant conflicts of interest. They may also want to consider entering into a separate agreement for advisory services, as discussed on the first page of the draft.

That way Mike can easily 'lift' the wording when sending it onto MOE.
Thanks,
Sarah

From: Kelly Listoe
Sent: Wednesday, April 05, 2017 11:40 AM
To: Sarah Harris
Cc: Opal Kandelas
Subject: NDA
Hi Sarah
Toby has no additional comments on the NDA – please find latest draft attached.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From:	Sarah Harris
To:	Kelly Listoe
Subject:	RE: NDA
Date:	Wednesday, April 05, 2017 12:44:17 PM

Thanks, Kelly.

From: Kelly Listoe
Sent: Wednesday, April 05, 2017 11:40 AM
To: Sarah Harris
Cc: Opal Kandelas
Subject: NDA

Hi Sarah

Toby has no additional comments on the NDA – please find latest draft attached.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From: Kelly Listoe
To: Sarah Harris
Subject: RE: NDA
Date: Wednesday, April 05, 2017 1:08:49 PM

NP on the NDA. (no problem)

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From: Sarah Harris
Sent: Wednesday, April 05, 2017 12:44 PM
To: Kelly Listoe
Subject: RE: NDA

Thanks, Kelly.

From: Kelly Listoe
Sent: Wednesday, April 05, 2017 11:40 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: NDA

Hi Sarah
Toby has no additional comments on the NDA – please find latest draft attached.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From: Salman Qadir
To: Sarah Harris
Cc: Patrick Rundans (MOF)
Subject: RE: OFA Loan Update as at May 5, 2017
Date: Tuesday, May 23, 2017 11:30:16 AM

Thanks Sarah. I think the plan is to have this particular OIC be for the purposes of FHP, so that we can keep it separate as much as possible. Can discuss at 12:15.

From: Sarah Harris
Sent: Tuesday, May 23, 2017 11:29 AM
To: Salman Qadir
Cc: Patrick Rundans (MOF)
Subject: FW: OFA Loan Update as at May 5, 2017

Hi Salman,

In the LRC approval form, an amount is quoted up to $3.5 billion.

It's important that we clearly lay out the requirement for the $3.5 billion (source, breakdown) , taking into consideration existing OFA authority under OICs, 675/97 and 767/99. I sent the attached spreadsheet to Mara B. with Documentation's attempt to list all outstanding loans/authority uses under the two relevant OFA public body lending OIC, and indicating that we rely on Corporate Finance to confirm the lending activity. Mara has not responded as of yet to this e-mail, however, I think the remaining amount of authority under these two OICs should be considered.

Let's discuss in more detail at 12:15 p.m.

Sarah

From: Sarah Harris
Sent: Wednesday, May 17, 2017 2:29 PM
To: Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Michael Smith <Michael.Smith@ofina.on.ca>; Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Subject: RE: OFA Loan Update as at May 5, 2017

Hi Mara,

We sent the Loans spreadsheet to Corporate Finance as part of practice undertaken previously by Documentation and Corporate Finance to verify the authority that has been committed to Public Bodies under the OFA's existing lending OICs (currently there are two OICs, 675/97 and 767/99).

For OFA lending OICs, Documentation assists in obtaining new lending OICs if the existing OICs are not sufficient to cover relevant OFA Loans (the existing lending OICs are over 15 years old, so there has been no need to obtain a new OIC in some time). However, since Documentation does not originate the loans/loan agreements, Documentation is reliant on Corporate Finance for the provision and verification of OFA lending activity under such OICs in order to ensure that it is fully captured in OIC tables and the OFA does not exceed the lending authority under the applicable OICs.

It is our understanding that Corporate Finance, with the assistance of OFA legal, prepares an annual lending directive which includes an estimate of the approved annual OFA lending. During the course of this process, we understand that OFA legal confirms with Corporate Finance whether there is sufficient authority under existing OICs or whether a new OFA lending OIC must be sought. The attached table would be relevant in confirming this.

In order to keep the table up to date, we propose sending the spreadsheet on a quarterly or bi-annual basis for Corporate Finance to confirm. Please note that we have made changes to the spreadsheet since we initially sent it to Corporate Finance on May 8, 2017. The current iteration is

attached for consideration then further discussion to ensure consensus. The allocated amounts highlighted in orange represent what we believe to be the amount of authority that should be deemed used/allocated. Likewise, for the calculation of the remaining authority the orange represents our final calculation. We will need to clarify the impact of capitalized interest and how it is determined as it seems unclear (the source and impact on amounts allocated under the OICs) based on past reporting. We have not specified Capitalized Interest or Repayments at this point.
In the past, Accounting has not provided/verified the loan information as it impacts OIC tables. With the implementation of OLMS, we are aware that information flows/inputs may have been affected. In the event that the introduction of OLMS means existing processes need to change, Corporate Finance and Documentation will need to coordinate with Accounting on the best approach.
Thanks,
Sarah

From: Mara Bakic
Sent: Thursday, May 11, 2017 4:21 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Cc: Michael Smith <Michael.Smith@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA Loan Update as at May 5, 2017

Hi Andrea,
Corporate Finance does not administer the OFA loans or the OLMS. To confirm amounts repaid, capitalized interest, etc. you should contact OFA's Accounting group (Siva Nathan). Also, I believe that the maturity date noted for the Ontario Infrastructure and Lands Corporation line of credit is incorrect. OILC's last line of credit expired in June 2016. We recently started working with IO on a new line of credit facility but the details have yet to be finalized. In addition, we have been in discussion with MAESD regarding providing loans totalling $300M to colleges and universities in 2017-18 for energy retrofit projects but this loan program has yet to go forward for Treasury Board and Cabinet approval.
Thanks,
Mara

From: Andrea Dalgarno
Sent: Monday, May 08, 2017 11:56 AM
To: Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFA Loan Update as at May 5, 2017

Hi,
Please find attached the updated listing of the OFA Loans as at May 5, 2017. We used the Oct 31, 2013 as the base and then we removed (moved to bottom) what seemed to have matured or no longer exist based on OLMS (current loan system), added new and updated Borrowing Authority Allocated based on OLMS as applicable. We adjusted some maturity dates (OILC and OEFC lines of credit maturity dates) which were incorrect based on documentation in place.
The last update was a joint effort between Documentation and Salman in 2013. We ask that Corporate Finance review to ensure its agreement with the attached update dated May 5, 2017. We are aware of no new school loans but we rely on Corporate Finance for updated information regarding new loans.
Let me know should you have any questions or concerns.
Regards,

Andrea Dalgarno
Documentation & Analysis Specialist
Ontario Financing Authority
Tel 416-212-7451
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From: Sarah Harris
To: Salman Qadir
Subject: RE: OFA Loans and OIC
Date: Wednesday, May 03, 2017 1:24:15 PM

Hi Salman,

Just letting you know, I'm having staff look into this. Lenin is on paternity leave, so they need to go through some files.

Thanks,
Sarah H.

From: Salman Qadir
Sent: Wednesday, May 03, 2017 1:23 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA Loans and OIC

Thanks Sarah! This helps.

Salman

From: Sarah Neville
Sent: Wednesday, May 03, 2017 12:49 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA Loans and OIC

Salman –

The OFA's authority to borrow is set out in its' general borrowing by-law, By-Law #12 (see document at below link) which is approved by resolution of the Board and requires the additional approval of the Minister.

Under section 1(a)(i), the by-law permits borrowing by the OFA from the Minister of Finance, such amounts as the Minister of Finance is authorized by OIC to lend to the OFA.

http://portal.ofina.on.ca/sites/ld/ofaboard/administration/ByLaws/General%20Borrowing%20and%20Financing%20By-Law%2012.pdf

So, yes, borrowing from the Province by the OFA must not exceed amounts the Minister is authorized by OIC to lend.

Please let me know if you have questions or would like to discuss further.

Sarah

From: Salman Qadir
Sent: Wednesday, May 03, 2017 12:32 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA Loans and OIC

Thanks Sarah.

Is it fine to say that the OFA needs to have room within an OIC to be able to lend to an entity (or in other words, an OIC (alongside other approvals like Minister's directive etc) to ensure the OFA can lend? I believe this is true but wanted to get a definite answer.

I've reached out to Sarah Harris on my second questions as well.

Thanks again,
Salman

From: Sarah Neville
Sent: Wednesday, May 03, 2017 12:26 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: OFA Loans and OIC

Hi Salman - Documentation tracks and administers the borrowing OICs. Lenin asked me about the IESO Credit Facility back in the summer and Lisa was assigned as a result of the inquiry (so I've copied her as well). I am not sure but I think Lenin may be away, so I am copying Sarah Harris with your query.

Please let me know if you require anything further.

Sarah

From: Salman Qadir
Sent: Wednesday, May 03, 2017 11:05 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA Loans and OIC

Hi Sarah,

Hoping you could help or point me in the right direction on this. I'd be happy to give you a call or come up to your office to quickly discuss…

There are two questions I am trying to answer:

1) If my understanding of the legal authorizations required for OFA to lend to entities is correct and that an OIC is needed for any lending the OFA intends to do; and
2) If my understanding is correct, would you have any documents/records to show that a certain OIC was done for the OFA-OPA (now IESO) facility

<u>Background for my two questions:</u>
My current understanding the legal requirements to do an OFA loan (pre- drafting an agreement). It is my understanding that:

- An OIC must authorize the Minister of Finance to lend to the OFA.
- Minister of Finance's Directive must then direct OFA to "on-lend" to Borrower subject to terms and

conditions.

I assume this is the case and with that, I was trying to look for the OIC that would have been completed for the OFA to provide the current $975 million (originally could have been $475 million) revolving credit facility to the IESO (previously OPA). I don't think it was an specific one for this on-lending and it may be an old one. I have attached the most recent OIC that I could find and it makes reference to:

WHEREAS pursuant to Order in Council 675/97 made under subsection 22(1) of the Capital Investment Plan Act, 1993, the Minister of Finance is authorized to lend Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the Ontario Financing Authority (the "OF A");

And based on OIC tracking that I had seen in 2013 by OFA Documentation, this $975 million is included under that amount.

Thank you,
Salman

From: Sarah Harris
To: Andrea Dalgarno
Subject: RE: OFA Loans
Date: Monday, May 08, 2017 11:24:23 AM
Attachments: Copy of OFA Loan OICs 05-May-17.xlsx

Hi Andrea,
Thanks for updating the spreadsheet. As discussed, I changed the maturity dates for IESO and OILC. Could you please send this the Mara B. and Michael S. and ask them to review to confirm if their information matches on the loans? You can copy Salman, and explain to Mara and Michael that it was last updated with between Documentation and Salman in 2013, and we want to ensure that it is still up to date. You can provide them with the 2013 update, and then let them know that we have removed all the matured loans/partial repayments as far we're able to see, and have updated our information on IESO/IO and there have been no new school board loans (you can touch base with Martine, but I haven't heard of any since my tenure as manager). We rely on Corporate Finance to confirm when/if any new loans are done, so if they could review your updated table to ensure that everything is captured, then the table will be up to date.
Thanks,
Sarah

From: Andrea Dalgarno
Sent: Friday, May 05, 2017 1:39 PM
To: Sarah Harris
Subject: OFA Loans
HI,
Using OLMS, I updated the spreadsheet attached.
Please take a look and see if I missed anything, misrepresented anything …..
And let me know your thoughts.
Regards,
Andrea Dalgarno
Documentation & Analysis Specialist
Ontario Financing Authority
Tel 416-212-7451
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As of May 5, 2017

Loan Agreements										OIC		
Borrower	Initial Loan Amount / Maximum Availability	Effective Date	Maturity Date	Type	Revolving	Advances	Repaid	Capitalized Interest (Construction)	Avaliable for Borrower under Agreement	OIC	Revolving	Borrowing Authority Allocated
Algonquin College of Applied Arts and Technology	$21,296,746.49	March 25, 2011	December 17, 2037		No	**$21,296,746.49**			$0.00			**$19,137,704.21**
Boreal College	$5,000,180.82	June 15, 2009	January 21, 2036		No	**$5,000,180.82**			$0.00			**$4,300,244.25**
Boreal College	$7,516,644.19		January 2, 2035		No	**$7,516,644.19**			$0.00			**$6,197,450.03**
Cambrian College	$400,000.00	June 26, 2008	July 31, 2018		No	**$400,000.00**			$0.00	OIC 675/97	Yes	**$61,115.49**
Cambrian College	$3,041,451.18	November 9, 2009	November 11, 2019		No	**$3,041,451.18**			$0.00	OIC 675/97	Yes	**$887,758.27**
Cambrian College	$11,232,658.70	December 31, 2009	December 31, 2029		No	**$11,232,658.70**			$0.00	OIC 675/97	Yes	**$8,392,710.08**
Canadore College of Applied Arts	$1,500,000.00	October 28, 2011	July 5, 2027		No	**$1,500,000.00**			$0.00			**$1,122,812.33**
Canadore College of Applied Arts	$2,700,000.00	October 28, 2011	October 10, 2026		No	**$2,700,000.00**			$0.00			**$1,949,934.25**
Canadore College of Applied Arts	$1,500,000.00	March 22, 2012	March 28, 2022		No	**$1,500,000.00**			$0.00			**$800,395.27**
Centennial College	$17,197,491.22	March 19, 2010	November 30, 2026		No	**$17,197,491.22**			$0.00	OIC 675/97	Yes	**$12,480,214.97**
Centennial College	$17,070,000.00		September 26, 2029		No	**$17,070,000.00**						**$14,800,448.10**
City Of Windsor	$26,416,693.90	June 26, 1997	March 31, 2021		No	**$26,416,693.90**			$0.00	OIC 675/97	Yes	**$8,171,389.87**
Conestoga College	$14,700,000.00	April 27, 2012	May 4, 2027		No	**$14,700,000.00**			$0.00			**$10,623,908.59**
Conestoga College	$21,500,000.00		October 6, 2031		No	**$21,500,000.00**						**$20,894,552.12**
Confederation College	$1,700,000.00	March 28, 2012	March 16, 2020		No	**$1,685,844.00**			$0.00			**$757,167.55**
Confederation College	$10,600,000.00		December 15, 2017	Construction	No	**5,615,000.00**						**$10,600,000.00**
Durham College	$6,430,304.00		February 5, 2024		No	**$6,430,304.00**						**$4,705,780.69**
Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 2040		No	**$20,000,000.00**			$0.00			**$17,654,049.00**
Fanshawe College of Applied Arts and Technology	$22,300,000.00		July 31, 2017	Construction	No	**$14,900,000.00**						**$22,300,000.00**
Georgian College	$3,630,000.00	March 31, 2008	March 31, 2018		No	**$3,630,000.00**			$0.00	OIC 675/97	Yes	**$430,213.30**
Georgian College	$2,245,600.00	March 27, 2009	March 27, 2019		No	**$2,245,600.00**			$0.00	OIC 675/97	Yes	**$517,553.83**
Georgian College	$2,400,000.00	March 23, 2010	March 23, 2020		No	**$2,400,000.00**			$0.00	OIC 675/97	Yes	**$812,514.61**
IESO	$975,000,000.00		December 31, 2019	Line of Credit	Yes	**$0.00**			$960,486,661.14			**$975,000,000.00**
Lambton College	$4,000,000.00	July 7, 2008	July 7, 2033		No	**$4,000,000.00**			$0.00	OIC 675/97	Yes	**$3,137,731.18**
Loyalist College	$4,937,396.00	August 20, 2009	August 28, 2027		No	**$4,937,396.00**			$0.00	OIC 675/97	Yes	**$3,376,004.08**
Loyalist College	$2,750,000.00		May 7, 2024		No	**$2,750,000.00**			$0.00			**$2,128,593.69**
Mohawk College	$6,606,343.78	February 24, 2009	September 2, 2031		No	**$6,606,343.78**			$0.00	OIC 675/97	Yes	**$5,255,030.99**
Mohawk College	$34,805,516.70		November 25, 2038		No	$34,805,516.70			$0.00			**$32,452,648.78**
Mohawk College	$11,000,000.00		November 29, 2028		No	$11,000,000.00			$0.00			**$9,273,193.43**
Niagara Parks Commission	$6,500,000.00	November 18, 2009	April 30, 2027		No	**$6,500,000.00**			$0.00	OIC 675/97	Yes	**$4,553,428.59**
Ontario Infrastructure & Lands Corporation (formerly OIPC)	$200,000,000.00		June 29, 2019	Line of Credit	Yes	**$0.00**			$200,000,000.00	OIC 675/97	Yes	**$200,000,000.00**
Ontario Lottery & Gaming	$33,802,243.16	October 19, 2010	January 8, 2018		No	**$22,610,683.42**			$0.00			**$4,564,232.92**
Ontario Lottery & Gaming	$89,150,000.00		October 2, 2017	Construction	No	**$28,700,000.00**						**$89,150,000.00**
Ontario Northland Transportation Commission	$3,800,000.00	October 13, 2004	January 1, 2020		No	**$3,800,000.00**			$0.00	OIC 675/97	Yes	**$908,953.82**
Ontario Northland Transportation Commission	$2,300,000.00	July 19, 2005	January 1, 2031		No	**$2,300,000.00**			$0.00	OIC 675/97	Yes	**$1,589,025.80**
Ottawa Convention Centre Corporation	$40,000,000.00	August 11, 2011	September 1, 2036		No	**$40,000,000.00**			$0.00			**$40,000,000.00**
Royal Ontario Museum (ROM)	$27,000,000.00	July 4, 2011	March 31, 2027		No	**$27,000,000.00**			$0.00			**$26,000,000.00**
Sheridan College	$40,180,436.04		March 31, 2042		No	**$40,180,436.04**						**$40,180,436.04**
Sir Sanford Fleming College	$14,921,000.00	June 27, 2012	July 6, 2027		No	**$14,921,000.00**			$0.00			**$11,168,132.79**
St Clair College	$3,300,000.00		May 14, 2017		No	**$3,300,000.00**						**$1,666,293.09**
St Clair College	$3,600,000.00		May 14, 2025		No	**$3,600,000.00**						**$3,107,767.50**
The Sault College of Applied A&T	$2,000,000.00		October 31, 2019		No	**$2,000,000.00**						**$1,023,088.91**
The Sault College of Applied A&T	$3,000,000.00		October 31, 2029		No	**$3,000,000.00**						**$2,597,483.05**
The Sault College of Applied A&T	$6,500,000.00		April 16, 2018		No	**$6,500,000.00**						**$2,000,000.00**
University of Ontario Institute of Technology (UOIT)	$28,137,279.00	February 6, 2012	October 16, 2017		No	**$28,137,279.00**			$0.00			**$2,823,716.00**

OIC Summary					
	Opening Balance under OIC	Used portion of OIC under Loan Agreements	Remaining Balance Under OIC	Maturity	Revolving?
OIC 675/97	$2,160,000,000.00	$1,629,553,677.47	$530,446,322.53	June 1, 2041	Yes
OIC 767/99	$656,000,000.00	$0.00	$656,000,000.00	June 1, 2041	Yes

Data removed from above table:										OIC		
Borrower	Initial Loan Amount / Maximum Availability	Effective Date	Maturity Date	Type	Revolving	Advances	Repaid	Capitalized Interest (Construction)	Avaliable for Borrower under Agreement	OIC	Revolving	Borrowing Authority Allocated
Collège boréal d'arts appliqués et de technologie	$7,516,644.19	December 30, 2009	January 2, 1935		No	**$7,516,644.19**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$7,454,217.24**
Collège boréal d'arts appliqués et de technologie	$6,000,000.00	June 15, 2009	June 30, 1935	Construction	No	**$0.00**	$0.00	**$0.00**	$6,000,000.00	OIC 675/97	Yes	$6,000,000.00
Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 1940		No	**$20,000,000.00**	$66,407.61	**$0.00**	$20,000,000.00	OIC 675/97	Yes	**$19,933,592.39**
Mohawk College	$2,421,401.00	September 10, 2007	September 10, 2011		No	**$2,421,401.00**	$1,614,525.26	**$0.00**	$0.00	OIC 675/97	Yes	**$806,875.74**
Mohawk College	$2,443,000.00	February 24, 2009	March 2, 2012		No	**$2,443,000.00**	$1,000,676.12	**$0.00**	$0.00	OIC 675/97	Yes	**$1,442,323.88**
Mohawk College	$1,914,475.00	March 23, 2010	March 25, 2013		No	**$1,914,475.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$1,914,475.00**
Ontario Northland Transportation Commission	$8,000,000.00	December 21, 2001	March 31, 2012	Line of Credit	Yes	**$8,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$8,000,000.00**
Ontario Northland Transportation Commission	$7,000,000.00	December 3, 2001	March 31, 2012	Line of Credit	Yes	**$5,700,000.00**	$0.00	**$0.00**	$1,300,000.00	OIC 675/97	Yes	**$7,000,000.00**
Ontario Power Authority	$975,000,000.00	January 1, 2005	December 31, 2010	Line of Credit	Yes	**$120,000,000.00**	$20,000,000.00	**$29,726.03**	**$874,970,273.97**	OIC 675/97	Yes	**$975,000,000.00**
Royal Ontario Museum (ROM)	$13,000,000.00	October 17, 2007	March 31, 2011		No	**$13,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$13,000,000.00**
Royal Ontario Museum (ROM)	$10,000,000.00	October 17, 2007	March 31, 2012		No	**$10,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$10,000,000.00**
Royal Ontario Museum (ROM)	$10,000,000.00	October 17, 2007	June 30, 2013		No	**$10,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$10,000,000.00**
St. Clair College	$534,547.68	June 24, 2008	June 26, 2013		No	**$534,547.68**	$191,389.29	**$0.00**	$0.00	OIC 675/97	Yes	**$343,158.39**
M Centennial College	$17,500,000.00	October 31, 2013	September 24, 2014	Construction	No	**$0.00**	$0.00	**$0.00**	$17,500,000.00			**$17,500,000.00**
M Georgian College	$1,800,000.00	March 23, 2010	March 23, 2015		No	**$1,800,000.00**	$1,230,852.51	**$0.00**	$0.00	OIC 675/97	Yes	**$569,147.49**
M Loyalist College	$946,148.55	April 6, 2010	April 6, 2015		No	**$946,148.55**	$647,561.25	**$0.00**	$0.00	OIC 675/99	Yes	**$298,587.30**
M Ontario Infrastructure & Lands Corporation (formerly OIPC)	$200,000,000.00	June 23, 2006	June 23, 2016	Line of Credit	Yes	**$73,000,000.00**	$0.00	**$0.00**	$127,000,000.00	OIC 675/97	Yes	**$200,000,000.00**
M Ontario Lottery & Gaming	$226,482,969.61	October 31, 2007	November 15, 2013		No	**$226,482,969.61**	$222,401,728.82	**$0.00**	$0.00	OIC 675/97	Yes	**$4,081,240.79**
M Ontario Lottery & Gaming	$18,524,285.19	February 1, 2010	February 2, 2015		No	**$18,524,285.19**	$13,365,368.30	**$0.00**	$0.00	OIC 675/98	Yes	**$5,158,916.89**
M Ontario Lottery & Gaming	$31,268,957.20	October 19, 2011	May 9, 2016		No	**$31,268,957.20**	$14,542,574.26		$0.00			**$16,726,382.94**
M Ontario Northland Transportation Commission	$12,700,000.00	June 11, 1999	August 1, 2014	Debenture	No	**$12,700,000.00**	$11,639,308.03	**$0.00**	$0.00	OIC 675/97	Yes	**$1,060,691.97**
M Ontario Northland Transportation Commission	$19,014,500.00	December 15, 1999	December 1, 2014	Debenture	No	**$19,014,500.00**	$16,907,954.30	**$0.00**	$0.00	OIC 675/97	Yes	**$2,106,545.70**
M Ontario Power Authority	$975,000,000.00	November 9, 2010	December 31, 2013	Line of Credit	Yes	**($558,250.60)**		**$0.00**	$975,558,250.60			**$975,000,000.00**
M Ontario Science Centre	$10,000,000.00	January 31, 2005	March 15, 2017		No	**$10,000,000.00**	$8,000,000.00	**$0.00**	$0.00	OIC 675/97	Yes	**$2,000,000.00**
M Sir Sanford Fleming College	$1,920,000.00	June 26, 2008	June 26, 2015		No	**$1,920,000.00**	$1,406,506.56	**$0.00**	$0.00	OIC 675/97	Yes	**$513,493.44**
M Royal Ontario Museum (ROM)	$22,540,000.00	July 4, 2011	March 31, 2027			**$22,540,000.00**						**$22,540,000.00**
Restructured? Mohawk College	$35,000,000.00	March 28, 2013	December 31, 2013	Construction	No	**$29,938,099.00**	$0.00	**$150,292.66**	$5,061,901.00			**$35,000,000.00**
zero O/S George Brown College	$35,000,000.00	May 13, 2013	May 22, 2020		No	**$35,000,000.00**	$1,150,762.03		$0.00			**$33,849,237.97**
Status unknown- not in OLMS DICO	$250,000,000.00	January 1, 2009	December 31, 2024	Line of Credit	Yes	**$0.00**	$0.00	**$0.00**	$250,000,000.00	OIC 675/97	Yes	**$250,000,000.00**

OLMS ref 1275, date diff OLMS=12/31/2019

OLMS Ref 944, date diff OLMS=6/28/2019

Partial Prepayment approx 11M 2/5/2014

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: College,Niagara Parks Commission,Ontario Infrastructure and Lands Corporation,Ontario
Advance Date: All
Project: All
Loan Outstanc 05-May-2017

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
Algonquin College												
945	Term Loan	17-Dec-2012	17-Dec-2037	21,296,746.49		21,296,746.49	0.00	0.03	4.0080	21,296,746.49	19,137,704.21	OLD
						$21,296,746.49	**$0.00**			**$21,296,746.49**	**$19,137,704.21**	
Boreal College												
429	Term Loan	30-Dec-2009	02-Jan-2035	7,516,644.19		7,516,644.19	0.00	0.05	5.1300	7,516,644.19	6,197,450.03	OLD
636	Term Loan	21-Jan-2011	21-Jan-2036	5,000,180.82		5,000,180.82	0.00	0.05	5.0940	5,000,180.82	4,300,244.25	OLD
						$12,516,825.01	**$0.00**			**$12,516,825.01**	**$10,497,694.28**	
Cambrian College												
430	Term Loan	09-Nov-2009	11-Nov-2019	3,041,451.18		3,041,451.18	0.00	0.05	3.4200	3,041,451.18	887,758.27	OLD
392	Term Loan	31-Jul-2008	31-Jul-2018	400,000.00		400,000.00	0.00	0.05	4.8140	400,000.00	61,115.49	OLD
431	Term Loan	31-Dec-2009	31-Dec-2029	11,232,658.70		11,232,658.70	0.00	0.05	5.2600	11,232,658.70	8,392,710.08	OLD
						$14,674,109.88	**$0.00**			**$14,674,109.88**	**$9,341,583.84**	
Canadore College												
942	Term Loan	03-Jul-2012	05-Jul-2027	1,500,000.00		1,500,000.00	0.00	0.03	3.2220	1,500,000.00	1,122,812.33	OLD
817	Term Loan	10-Nov-2011	10-Nov-2026	2,700,000.00		2,700,000.00	0.00	0.03	3.4770	2,700,000.00	1,949,934.25	OLD
939	Term Loan	28-Mar-2012	28-Mar-2022	1,500,000.00		1,500,000.00	0.00	0.03	2.7100	1,500,000.00	800,395.27	OLD
						$5,700,000.00	**$0.00**			**$5,700,000.00**	**$3,873,141.85**	
Centennial College												
818	Term Loan	30-Nov-2011	30-Nov-2026	17,197,491.22		17,197,491.22	0.00	0.05	3.7080	17,197,491.22	12,480,214.97	OLD
1189	Term Loan	26-Sep-2014	26-Sep-2029	17,070,000.00		17,070,000.00	0.00	0.03	3.4730	17,070,000.00	14,800,448.10	NEW

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
						$34,267,491.22	**$0.00**			**$34,267,491.22**	**$27,280,663.07**	
City of Windsor												
408	Term Loan	31-Mar-2001	31-Mar-2021	26,416,693.90		26,416,693.90	0.00	0.00	6.4100	26,416,693.90	8,171,389.87	OLD
						$26,416,693.90	**$0.00**			**$26,416,693.90**	**$8,171,389.87**	

Conestoga College												
940	Term Loan	04-May-2012	04-May-2027	14,700,000.00		14,700,000.00	0.00	0.03	3.5110	14,700,000.00	10,623,908.59	OLD
1283	Term Loan	05-Oct-2016	06-Oct-2031	21,500,000.00		21,500,000.00	0.00	0.03	2.2730	21,500,000.00	20,894,552.12	New
						$36,200,000.00	**$0.00**			**$36,200,000.00**	**$31,518,460.71**	
Durham College Residence Refinancing												
1185	Term Loan	04-Feb-2014	05-Feb-2024	6,430,304.00		6,430,304.00	0.00	0.03	3.1230	6,430,304.00	4,705,780.69	
						$6,430,304.00	**$0.00**			**$6,430,304.00**	**$4,705,780.69**	
Fanshawe College												
427	Term Loan	01-Feb-2010	01-Feb-2040	20,000,000.00		20,000,000.00	0.00	0.05	5.4900	20,000,000.00	17,654,049.00	OLD
1270	Construction Loan	09-Jun-2016	31-Jul-2017	22,300,000.00	15,400,000.00	2,750,000.00	0.00	0.03	0.2750		2,767,902.01	New
1270	Construction Loan	01-Sep-2016	31-Jul-2017	22,300,000.00	11,500,000.00	3,900,000.00	0.00	0.03	0.2750		3,916,649.36	New
1270	Construction Loan	01-Dec-2016	31-Jul-2017	22,300,000.00	7,400,000.00	4,100,000.00	0.00	0.03	0.2750		4,108,744.79	New
1270	Construction Loan	29-Mar-2016	31-Jul-2017	22,300,000.00	18,150,000.00	4,150,000.00	0.00	0.03	0.2750		4,186,683.35	New
						$34,900,000.00	**$0.00**			**$20,000,000.00**	**$32,634,028.52**	
Fleming College												
943	Term Loan	06-Jul-2012	06-Jul-2027	14,921,000.00		14,921,000.00	0.00	0.03	3.2180	14,921,000.00	11,168,132.79	OLD
						$14,921,000.00	**$0.00**			**$14,921,000.00**	**$11,168,132.79**	
Georgian College												
634	Term Loan	27-Mar-2009	27-Mar-2019	2,245,600.00		2,245,600.00	0.00	0.05	3.7150	2,245,600.00	517,553.83	OLD
395	Term Loan	31-Mar-2008	31-Mar-2018	3,630,000.00		3,630,000.00	0.00	0.05	3.9540	3,630,000.00	430,213.30	OLD
618	Term Loan	23-Mar-2010	23-Mar-2020	2,400,000.00		2,400,000.00	0.00	0.05	3.6260	2,400,000.00	812,514.61	OLD
						$8,275,600.00	**$0.00**			**$8,275,600.00**	**$1,760,281.73**	

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
Lambton College												
389	Term Loan	07-Jul-2008	07-Jul-2033	4,000,000.00		4,000,000.00	0.00	0.05	5.2240	4,000,000.00	3,137,731.18	OLD
						$4,000,000.00	**$0.00**			**$4,000,000.00**	**$3,137,731.18**	
Loyalist College												
409	Term Loan	28-Aug-2009	30-Aug-2027	4,937,396.00		4,937,396.00	0.00	0.05	4.8300	4,937,396.00	3,376,004.08	OLD
1186	Term Loan	07-May-2014	07-May-2024	2,750,000.00		2,750,000.00	0.00	0.03	2.6410	2,750,000.00	2,128,593.69	NEW
						$7,687,396.00	**$0.00**			**$7,687,396.00**	**$5,504,597.77**	
Niagara Parks Commission												

426	Term Loan	18-Nov-2009	30-Apr-2027	6,500,000.00		6,500,000.00	0.00	0.05	5.0700	6,500,000.00	4,553,428.59	OLD
						$6,500,000.00	**$0.00**			**$6,500,000.00**	**$4,553,428.59**	
Ontario Lottery & Gaming												
1183	Term Loan	10-Mar-2014	08-Jan-2018	22,610,683.42		22,610,683.42	0.00	0.03	2.3200	22,610,683.42	4,564,232.92	
1228	Construction Loan	29-May-2015	02-Oct-2017	1,000,000.00		1,000,000.00	0.00	0.03	0.3250		1,000,000.00	
1281	Construction Loan	30-Sep-2016	02-Oct-2017	1,500,000.00		1,500,000.00	0.00	0.03	0.3250		1,500,000.00	
1278	Construction Loan	30-Sep-2016	02-Oct-2017	1,750,000.00		1,750,000.00	0.00	0.03	0.3250		1,750,000.00	
1280	Construction Loan	30-Sep-2016	02-Oct-2017	1,750,000.00		1,750,000.00	0.00	0.03	0.3250		1,750,000.00	
1277	Construction Loan	30-Sep-2016	02-Oct-2017	2,000,000.00		2,000,000.00	0.00	0.03	0.3250		2,000,000.00	
1282	Construction Loan	29-Sep-2016	02-Oct-2017	2,000,000.00		2,000,000.00	0.00	0.03	0.3250		2,000,000.00	
1279	Construction Loan	30-Sep-2016	02-Oct-2017	2,250,000.00		2,250,000.00	0.00	0.03	0.3250		2,250,000.00	
1299	Construction Loan	24-Feb-2017	02-Oct-2017	3,000,000.00		3,000,000.00	0.00	0.03	0.3250		3,000,000.00	
1225	Construction Loan	26-Mar-2015	02-Oct-2017	3,700,000.00		3,700,000.00	0.00	0.03	0.3250		3,700,000.00	
1276	Construction Loan	30-Sep-2016	02-Oct-2017	6,500,000.00		6,500,000.00	0.00	0.03	0.3250		6,500,000.00	
1229	Construction Loan	21-Aug-2015	02-Oct-2017	28,500,000.00	27,250,000.00	1,250,000.00	0.00	0.03	0.3250		1,250,000.00	
1188	Construction Loan	28-Aug-2014	02-Oct-2017	35,200,000.00	33,200,000.00	2,000,000.00	0.00	0.03	0.3250		2,000,000.00	
						$51,310,683.42	**$0.00**			**$22,610,683.42**	**$33,264,232.92**	
Ontario Northland Transportation Commission												

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
405	Term Loan	01-Jan-2005	01-Jan-2020	3,800,000.00		3,800,000.00	0.00	0.00	5.2200	3,800,000.00	908,953.82	OLD
404	Term Loan	01-Jan-2006	01-Jan-2031	2,300,000.00		2,300,000.00	0.00	0.00	4.9000	2,300,000.00	1,589,025.80	OLD
						$6,100,000.00	**$0.00**			**$6,100,000.00**	**$2,497,979.61**	
Royal Ontario Museum												
1057	Term Loan	01-Apr-2013	31-Mar-2027	2,357,000.00		2,357,000.00	0.00	0.03	0.5300	2,357,000.00	1,357,000.00	
941	Term Loan	02-Apr-2012	31-Mar-2027	4,983,000.00		4,983,000.00	0.00	0.03	0.5300	4,983,000.00	4,983,000.00	
762	Term Loan	04-Jul-2011	31-Mar-2027	19,660,000.00		19,660,000.00	0.00	0.03	0.5300	19,660,000.00	19,660,000.00	
						$27,000,000.00	**$0.00**			**$27,000,000.00**	**$26,000,000.00**	OLD
Sheridan College												
1301	Term Loan	31-Mar-2017	31-Mar-2042	40,180,436.04		40,180,436.04	0.00	0.25	3.4670	40,180,436.04	40,180,436.04	
						$40,180,436.04	**$0.00**			**$40,180,436.04**	**$40,180,436.04**	

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding	
St. Clair College												
1226	Term Loan	14-May-2015	14-May-2018	3,300,000.00		3,300,000.00	0.00	0.03	1.3210	3,300,000.00	1,666,293.09	
1227	Term Loan	14-May-2015	14-May-2025	3,600,000.00		3,600,000.00	0.00	0.03	2.1470	3,600,000.00	3,107,767.50	
						$6,900,000.00	**$0.00**			**$6,900,000.00**	**$4,774,060.60**	
The Confedration College of Applied Arts and Technology												
1056	Term Loan	14-Mar-2013	16-Mar-2020	1,685,844.00		1,685,844.00	0.00	0.03	2.4050	1,685,844.00	757,167.55	
1300	Construction Loan	07-Mar-2017	15-Dec-2017	10,600,000.00	4,985,000.00	5,615,000.00	0.00	0.03	0.2750		5,615,000.00	????
						$7,300,844.00	**$0.00**			**$1,685,844.00**	**$6,372,167.55**	
The Sault College of Applied Arts and Technology												
1191	Term Loan	31-Oct-2014	31-Oct-2019	2,000,000.00		2,000,000.00	0.00	0.03	1.8560	2,000,000.00	1,023,088.91	
1192	Term Loan	31-Oct-2014	31-Oct-2029	3,000,000.00		3,000,000.00	0.00	0.03	3.3380	3,000,000.00	2,597,483.05	
1302	Construction Loan	03-Apr-2017	16-Apr-2018	6,500,000.00	4,500,000.00	2,000,000.00	0.00	0.03	0.2750		2,000,000.00	
						$7,000,000.00	**$0.00**			**$5,000,000.00**	**$5,620,571.96**	
					Grand Total:	**$379,578,129.96**	**$0.00**			**$328,363,129.96**	**$291,994,067.80**	

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
University of Ontario Institute of Technology											
819	Term Loan	06-Feb-2012	16-Oct-2017	28,137,279.00		28,137,279.00	0.00	0.03	2.7700	28,137,279.00	2,823,716.00
						$28,137,279.00	**$0.00**			**$28,137,279.00**	**$2,823,716.00**
					Grand Total:	**$28,137,279.00**	**$0.00**			**$28,137,279.00**	**$2,823,716.00**

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: Mohawk College
Advance Date: All

Project: All
Loan Outstanc 05-May-2017

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
Mohawk College											
763	Term Loan	31-Aug-2011	02-Sep-2031	6,606,343.78		6,606,343.78	0.00	0.05	4.1830	6,606,343.78	5,255,030.99
1110	Term Loan	25-Nov-2013	25-Nov-2038	34,805,516.70		34,805,516.70	0.00	0.03	4.7620	34,805,516.70	32,452,648.78
1111	Term Loan	29-Nov-2013	29-Nov-2028	11,000,000.00		11,000,000.00	0.00	0.03	3.8550	11,000,000.00	9,273,193.43
						$52,411,860.48	**$0.00**			**$52,411,860.48**	**$46,980,873.20**
					Grand Total:	**$52,411,860.48**	**$0.00**			**$52,411,860.48**	**$46,980,873.20**

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: George Brown College
Advance Date: All
Project: All
Loan Outstanc 05-May-2013

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt	Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
George Brown College											
1059	Term Loan	22-May-2013	22-May-2020	35,000,000.00		35,000,000.00	0.00	0.03	2.4230	35,000,000.00	0.00
1274	Term Loan	24-Jun-2016	24-Jun-2041	40,000,000.00		40,000,000.00	0.00	0.03	5.7500	40,000,000.00	0.00
						$75,000,000.00	**$0.00**			**$75,000,000.00**	**$0.00**
					Grand Total:	**$75,000,000.00**	**$0.00**			**$75,000,000.00**	**$0.00**

Loan Agreements

Borrower	Initial Loan Amount / Maximum Availability	Advances
Algonquin College of Applied Arts and Technology	$21,296,746.49	$21,296,746.49
Boreal College	$12,516,825.01	$12,516,825.01
Cambrian College	$14,674,109.88	$14,674,109.88
Canadore College of Applied Arts	$5,700,000.00	$5,700,000.00
Centennial College	$17,197,491.22	$17,197,491.22
City Of Windsor	$26,416,693.90	$17,197,491.22
Conestoga College	$14,700,000.00	$14,700,000.00
Confederation College	$1,700,000.00	$1,700,000.00
DICO	$250,000,000.00	$0.00
Fanshawe College of Applied Arts and Technology	$20,000,000.00	$20,000,000.00
Fleming College	#REF!	#REF!
George Brown College	$35,000,000.00	$35,000,000.00
Georgian College	$8,275,600.00	$8,275,600.00
Lambton College	$4,000,000.00	$4,000,000.00
Loyalist College	$4,464,366,431.10	$496,924,871.36
Mohawk College	$6,009,129,747.10	$934,068,035.76
Niagara Parks Commission	$6,500,000.00	$6,500,000.00
Ontario Infrastructure Projects Corporation	$200,000,000.00	$73,000,000.00
Ontario Lottery & Gaming	$4,674,043,386.62	$779,601,826.88
Ontario Northland Transportation Commission	$6,100,000.00	$6,100,000.00
Ontario Power Authority	$975,000,000.00	-$558,250.60
Ontario Science Centre	$10,000,000.00	$10,000,000.00
Ottawa Convention Centre Corporation	$40,000,000.00	$40,000,000.00
Royal Ontario Museum (ROM)	$49,540,000.00	$49,540,000.00
Sir Sanford Fleming College	$1,920,000.00	$1,920,000.00
University of Ontario Institute of Technology (UOIT)	$28,137,279.00	$28,137,279.00

			OIC		
Repaid	**Capitalized Interest (Construction)**	**Avaliable for Borrower under Agreement**	**OIC**	**Revolving**	**Borrowing Authority Allocated**
$251,514.03	**$0.00**	$0.00			
$0.00	**$0.00**	$0.00			
$0.00	**$0.00**	**$0.00**	OIC 675/97	Yes	$9,341,583.84
$0.00	**$0.00**	$0.00			
$1,325,359.57	**$0.00**	$0.00	OIC 675/97	Yes	**$8,500,000.00**
$1,325,359.57	**$0.00**	$0.00	OIC 675/97	Yes	**$8,500,000.00**
$759,480.04					
$111,286.43					
$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$250,000,000.00**
$1,017,378.17					
#REF!					
$1,150,762.03					
$0.00	**$0.00**	$0.00	OIC 675/97	Yes	$1,760,281.74
$469,648.86			OIC 675/97	Yes	**$3,843,232.41**
$24,751,412.04		$0.00	OIC 675/98	Yes	$1,563,080,406.91
$313,014,852.31	**$15,613.25**	-$15,613.25	OIC 675/97	**Yes**	$2,821,763,080.87
$746,069.37			OIC 675/97	Yes	**$6,500,000.00**
$30,000,000.00		$157,000,000.00	OIC 675/97	Yes	**$200,000,000.00**
$275,061,083.42					$1,532,008,047.97
$0.00	**$0.00**	$0.00	OIC 675/97	**Yes**	$2,497,979.62
	$0.00	$975,558,250.60			
$8,000,000.00	**$0.00**	$0.00	OIC 675/97	**Yes**	$2,000,000.00
$938,246.87		$0.00			
$11,697,000.00					
$467,038.59	**$0.00**	$0.00	OIC 675/97	**Yes**	$1,452,961.41
$8,215,761.00	**$0.00**	$0.00			

From:	Sarah Harris
To:	William Tan
Subject:	RE: OFA will not retain 25bps spread for $2.0B, OFHP IESO Credit Facility
Date:	Wednesday, June 14, 2017 3:51:37 PM
Attachments:	image001.png image002.png

Thank you, Will.

From: William Tan
Sent: Wednesday, June 14, 2017 3:51 PM
To: Sarah Harris
Subject: OFA will not retain 25bps spread for $2.0B, OFHP IESO Credit Facility

This is note that Sarah an I met with Mike Manning, Linda Smith and Carlos Yep on the topic of 25bps OFA would charge on advances to IESO and the difference paid to the Province of Ontario. Mike deferred to Ken Kandeepan for a decision. Ken provided instructions not to retain the 25bps for the $2.0 B, OFHP IESO Credit Facility because we currently generate enough profit to cover out operations.
Conversation 6/14/17 at 2:15 pm.
According to OFHP OIC, section C(ii) "…..

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Spread as set out above.

Best regards,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From:	Sarah Harris
To:	Kelly Listoe
Subject:	RE: OFA-IESO $975 million Credit Facility (Amending Agreement)
Date:	Tuesday, November 22, 2016 9:36:21 AM

Thank you, Kelly.

From: Kelly Listoe
Sent: Tuesday, November 22, 2016 9:09 AM
To: Sarah Harris
Subject: FW: OFA-IESO $975 million Credit Facility (Amending Agreement)

Fyi

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From: Salman Qadir
Sent: Monday, November 21, 2016 4:47 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Hi Kelly,

We're hoping it will be by November 28 (I know its cutting it close). I will have a better sense hopefully tomorrow or Wednesday. The DM is not back until Wednesday.

Salman

From: Kelly Listoe
Sent: Monday, November 21, 2016 9:44 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Hi Salman:

We are not too far from the Nov. 30 deadline for the agreement, so I'm following up on exactly where the Directive is at this point and when you expect it to be signed by the Minister.

Thanks,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From: Salman Qadir
Sent: Thursday, November 17, 2016 2:31 PM

To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Thank you Kelly.
Here is the latest draft (final more or less).
Salman

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Sent: Thursday, November 17, 2016 2:28 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Hi Salman
Thanks for that information. Please let me know whether it is the same as the last draft (could you also send a copy of what went forward to us)?
To answer your question, it looks to me like "the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2016." So, if they want an advance in December, this will have to be in place by Nov 30th.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From: Salman Qadir
Sent: Thursday, November 17, 2016 2:03 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Hi Kelly,
Thanks for following up on this. The package is in approvals and we're following up.
Just for my sake, as I know I'll be asked, what is driving the November 30th date? I do realize the December 31, 2016 expiry date and I assume we just want to finish this off before the holidays start up. Any other insight that might be helpful from your end?
Thank you,
Salman

From: Kelly Listoe
Sent: Thursday, November 17, 2016 1:55 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFA-IESO $975 million Credit Facility (Amending Agreement)
Importance: High

Hi Salman:

Would you have the Directive related to this request? If so, please send us a draft of the latest version at your earliest convenience. Has the directive changed at all? Can you let us know when it is expected to be signed?
We note that the Amendment will need to be completed by the end of November.
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From: Sarah Harris
Sent: Wednesday, November 16, 2016 8:32 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Stephanie.Yarmo@ieso.ca' <Stephanie.Yarmo@ieso.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: OFA-IESO $975 million Credit Facility (Amending Agreement)
Importance: High

Anthony,
Thank you for the drafts.
I am forwarding your e-mail and drafts to Jean-Francois Beaupre and Kelly Listoe (copied herein), who will be working to complete this file. I would ask, however, that you please continue to copy me on e-mails.
Thanks very much,
Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 16, 2016 8:34 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Stephanie Yarmo <Stephanie.Yarmo@ieso.ca>
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)
Importance: High

Sarah,
For your review and confirmation back to me, please find attached the following:
-IESO's track-edit draft for amendment #9;
-IESO's track-edit draft for election notice;
-IESO's track-edit draft for borrowing notice; and
-copies of the IESO Board resolution and IESO certificate of incumbency (originals will be couriered to OFA once the OFA confirms back these copies are ok)
Please let us know if you have any changes/comments to the drafts.
I look forward to having these docs signed and completing this recent amendment process in due course…regards.

Anthony Martinello CPA CA CFA , Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6944 | F: (905) 403-6913

From: Lenin Alvarez-Bravo [mailto:Lenin.Alvarez-Bravo@ofina.on.ca]
Sent: November 07, 2016 10:57 AM
To: Anthony Martinello; Sarah Harris
Cc: Olga Whiteley
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Anthony

My apologies, I missed one question; regarding IESO's board resolution, yes, please have the secretary date and sign the resolution.

Thank you,

Lenin

From: Lenin Alvarez-Bravo
Sent: Monday, November 07, 2016 9:51 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Hi Anthony,

What we have required in the past is a certificate of incumbency for the officer who will be the authorized signatory for the purposes of signing the amending agreement.

Thank you,

Lenin

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 07, 2016 9:37 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Lenin – thx, enjoy your time off.
I will have our legal review the drafts and respond.
Attached is the draft IESO Board resolution from our secretary– I can have the secretary sign it if needed.
As for the incumbency certificate – do you want just the CFO listed or all officers listed?
Please confirm.

From: Lenin Alvarez-Bravo [mailto:Lenin.Alvarez-Bravo@ofina.on.ca]
Sent: November 07, 2016 9:05 AM
To: Anthony Martinello
Cc: Sarah Harris
Subject: OFA-IESO $975 million Credit Facility (Amending Agreement)

*** EXTERNAL email. Please be cautious and evaluate before you click on links, open attachments, or provide credentials. ***

Good morning Anthony,

My apologies for the delayed reply. Please find attached drafts of the amending agreement and related schedules for IESO's review and comments. Please note that the drafts have not been signed off by our legal counsel and are therefore subject to change.

Anthony, I also wanted to mention that I will be going on vacation and then parental leave at the end of this week. Please carbon copy Sarah Harris on all communication. She will ensure that the file is

assigned to one of my colleagues.

Please let me know if you have any questions.

Thank you,

Lenin

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From:	Sarah Harris
To:	Kelly Listoe
Subject:	RE: OFA-IESO $975 million Credit Facility (Amending Agreement)
Date:	Tuesday, November 22, 2016 10:07:34 AM

Lol! Sometimes that all one has.

From: Kelly Listoe
Sent: Tuesday, November 22, 2016 10:00 AM
To: Sarah Harris
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

I note the use of the word “hope”…

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From: Sarah Harris
Sent: Tuesday, November 22, 2016 9:36 AM
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Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

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Thanks for following up on this. The package is in approvals and we're following up.

Just for my sake, as I know I'll be asked, what is driving the November 30th date? I do realize the December 31, 2016 expiry date and I assume we just want to finish this off before the holidays start up. Any other insight that might be helpful from your end?

Thank you,

Salman

From: Kelly Listoe
Sent: Thursday, November 17, 2016 1:55 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFA-IESO $975 million Credit Facility (Amending Agreement)
Importance: High

Hi Salman:

Would you have the Directive related to this request? If so, please send us a draft of the latest version at your earliest convenience. Has the directive changed at all? Can you let us know when it is expected to be signed?

We note that the Amendment will need to be completed by the end of November.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From: Sarah Harris
Sent: Wednesday, November 16, 2016 8:32 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Stephanie.Yarmo@ieso.ca' <Stephanie.Yarmo@ieso.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: OFA-IESO $975 million Credit Facility (Amending Agreement)
Importance: High

Anthony,

Thank you for the drafts.

I am forwarding your e-mail and drafts to Jean-Francois Beaupre and Kelly Listoe (copied herein), who will be working to complete this file. I would ask, however, that you please continue to copy me on e-mails.

Thanks very much,

Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 16, 2016 8:34 AM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Stephanie Yarmo <Stephanie.Yarmo@ieso.ca>

Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Importance: High

Sarah,
For your review and confirmation back to me, please find attached the following:
-IESO's track-edit draft for amendment #9;
-IESO's track-edit draft for election notice;
-IESO's track-edit draft for borrowing notice; and
-copies of the IESO Board resolution and IESO certificate of incumbency (originals will be couriered to OFA once the OFA confirms back these copies are ok)
Please let us know if you have any changes/comments to the drafts.
I look forward to having these docs signed and completing this recent amendment process in due course…regards.

Anthony Martinello CPA CA CFA , Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6944 | F: (905) 403-6913
Postal Station A, Box 4474, Toronto ON M5W 4E5

From: Lenin Alvarez-Bravo [mailto:Lenin.Alvarez-Bravo@ofina.on.ca]
Sent: November 07, 2016 10:57 AM
To: Anthony Martinello; Sarah Harris
Cc: Olga Whiteley
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Anthony
My apologies, I missed one question; regarding IESO's board resolution, yes, please have the secretary date and sign the resolution.
Thank you,
Lenin

From: Lenin Alvarez-Bravo
Sent: Monday, November 07, 2016 9:51 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Hi Anthony,
What we have required in the past is a certificate of incumbency for the officer who will be the authorized signatory for the purposes of signing the amending agreement.
Thank you,
Lenin

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 07, 2016 9:37 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Subject: RE: OFA-IESO $975 million Credit Facility (Amending Agreement)

Lenin – thx, enjoy your time off.
I will have our legal review the drafts and respond.

Attached is the draft IESO Board resolution from our secretary– I can have the secretary sign it if needed.
As for the incumbency certificate – do you want just the CFO listed or all officers listed?
Please confirm.

From: Lenin Alvarez-Bravo [mailto:Lenin.Alvarez-Bravo@ofina.on.ca]
Sent: November 07, 2016 9:05 AM
To: Anthony Martinello
Cc: Sarah Harris
Subject: OFA-IESO $975 million Credit Facility (Amending Agreement)
*** EXTERNAL email. Please be cautious and evaluate before you click on links, open attachments, or provide credentials. ***

Good morning Anthony,
My apologies for the delayed reply. Please find attached drafts of the amending agreement and related schedules for IESO's review and comments. Please note that the drafts have not been signed off by our legal counsel and are therefore subject to change.
Anthony, I also wanted to mention that I will be going on vacation and then parental leave at the end of this week. Please carbon copy Sarah Harris on all communication. She will ensure that the file is assigned to one of my colleagues.
Please let me know if you have any questions.
Thank you,
Lenin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

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From: Sarah Harris
To: William Tan; Tobias P. Whitfield (MOF)
Subject: RE: OFHP IESO OFA Credit Agreement (draft)
Date: Friday, June 23, 2017 1:07:11 AM

Hi Will and Toby,
Please work off the draft I sent to Lisa. I simplified it and highlighted the remaining issues.
Thanks,
Sarah

From: William Tan
Sent: Thursday, June 22, 2017 9:51 PM
To: Tobias P. Whitfield (MOF)
Cc: Sarah Harris
Subject: OFHP IESO OFA Credit Agreement (draft)

Hello Toby,
Please find the enclosed draft of the OFHP IESO OFA Credit Agreement. There are a few points I need to clear up with OFA Legal. I wanted to give you enough time to review, make comments and to see if there are any "show stoppers" we need to clear up. A few questions require you reply in yellow. Optimistically we wish to give IESO a copy by Monday.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Cc: Sarah Harris
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From:	Salman Qadir
To:	Sarah Harris; Tobias P. Whitfield (MOF); William Tan; Lisa Stein
Cc:	Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Friday, June 23, 2017 1:58:46 PM
Attachments:	Directive IESO FHP 2017 v5.docx Directive IESO FHP 2017 v3.docx

Hi all,
Just to ensure we have the clean copy of the proposed Minister's Directive for this credit facility, please see attached.
In the v3 I had sent around, I had not remove the language in the recital making reference to the OIC #, which we had agreed did not need to be in the directive. Ron was also okay with leaving it removed.
Attached is v5.
Regards,
Salman

From: Salman Qadir
Sent: Tuesday, June 20, 2017 3:20 PM
To: Sarah Harris ; Tobias P. Whitfield (MOF) ; William Tan
Cc: Lisa Stein ; Bruno Amara ; John Kim
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Sounds good. Thank you Sarah.
Regards,
Salman

From: Sarah Harris
Sent: Tuesday, June 20, 2017 2:54 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Hi Salman,
Thanks for the suggestion – makes sense. We can strip the reference to the Electricity Act, and propose a more general subsection 2.
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, June 20, 2017 2:50 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Hi Sarah,
Based on the information we have to date, I don't think we were thinking of imposing that same

limitation of 12 month period but I see your point. I reread IESO request letter and suggest we do this instead to avoid lots of initial changes:

I. Change purpose to only state "short-term" needs:

> 1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

II. Leave subsection 2 in there for now.
If IESO has issues, they can raise it in their comments back. Should we need "medium-term" financing, we can amend the agreement later as needed.
Thoughts?
Regards,
Salman

From: Sarah Harris
Sent: Tuesday, June 20, 2017 2:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
HI Salman,
One quick question re: subsection 2 below. Subsection 2 was added in amendment#7 of the $975M OFA-IESO existing credit facility; I think the idea was to ensure that any advance under the facility isn't rolled over for the entire term of the agreement, but that any one advance is limited to 12 months of rolls. Notwithstanding the reference to the Electricity Act in subsection 2, is the intention with this new credit facility to limit rolls to a 12 month period for any particular advance?
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, June 20, 2017 2:14 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Hi Toby/all,
I had a quick chat with Bruno as well and it may be best to leave it a little open in an effort to remain consistent with what we know for now. We can suggest IESO provide some more details in this statement for clarity based on how they see the borrowings to occur.
Regards,
Salman

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, June 20, 2017 1:58 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

I agree with Salman, though I wonder if we should be more specific about what short to medium term means, or better to leave it open depending on circumstances?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi William,

In being consistent with the Directive, I think the purpose of the credit facility can be written as follows, subject to any additional comments:

1) Proceeds of Advances may be used only for short to medium term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

I don't think subsection 2 applies. When sending this to IESO, I recommend that we highlight the entire section and have them confirm or provide further details, especially the reference to the 423/04 regulation.

Regards,
Salman

From: William Tan
Sent: Tuesday, June 20, 2017 1:27 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby and Salman,

May I ask both of your assistance in defining the use of proceeds from the IESO credit facility below?

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Toby, once Lisa has finished reviewing the IESO credit facility, I will implement her suggested changes and then circulate the draft for your review and comment.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

DRAFT

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated:

Charles Sousa
Minister of Finance

DRAFT

DIRECTIVE

MINISTER OF FINANCE

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The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

[The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###, pursuant to which the Minister of Finance is authorized to lend a maximum of $2 billion.]

Commented [SQ21]: Based on discussions with OFA legal (including Ken Russell), this can be deleted as it is administrative in nature. Suggest deleting.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

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../2

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.
- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: , 2017

Charles Sousa
Minister of Finance

DRAFT

From:	Salman Qadir
To:	Tobias P. Whitfield (MOF); William Tan
Cc:	Lisa Stein; Sarah Harris; Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Tuesday, June 20, 2017 2:14:08 PM

Hi Toby/all,

I had a quick chat with Bruno as well and it may be best to leave it a little open in an effort to remain consistent with what we know for now. We can suggest IESO provide some more details in this statement for clarity based on how they see the borrowings to occur.

Regards,

Salman

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Tuesday, June 20, 2017 1:58 PM

To: Salman Qadir ; William Tan

Cc: Lisa Stein ; Sarah Harris ; Bruno Amara ; John Kim

Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

I agree with Salman, though I wonder if we should be more specific about what short to medium term means, or better to leave it open depending on circumstances?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi William,

In being consistent with the Directive, I think the purpose of the credit facility can be written as follows, subject to any additional comments:

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Regards,

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Sent: Tuesday, June 20, 2017 1:27 PM

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby and Salman,

May I ask both of your assistance in defining the use of proceeds from the IESO credit facility below?

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Toby, once Lisa has finished reviewing the IESO credit facility, I will implement her suggested changes and then circulate the draft for your review and comment.

Best regards,

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Capital Markets Division | Ontario Financing Authority
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Cc:	Lisa Stein; Sarah Harris; Bruno Amara; John Kim
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Regards,

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Sent: Tuesday, June 20, 2017 1:58 PM

To: Salman Qadir ; William Tan

Cc: Lisa Stein ; Sarah Harris ; Bruno Amara ; John Kim

Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

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Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
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Regards,

Salman

From: William Tan

Sent: Tuesday, June 20, 2017 1:27 PM

To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

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Best regards,

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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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To:	Salman Qadir; William Tan
Cc:	Lisa Stein; Sarah Harris; Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Tuesday, June 20, 2017 1:57:56 PM

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Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
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Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

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Cc:	Lisa Stein; Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Tuesday, June 20, 2017 2:54:30 PM

Hi Salman,
Thanks for the suggestion – makes sense. We can strip the reference to the Electricity Act, and propose a more general subsection 2.
Thanks,
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Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Tuesday, June 20, 2017 2:31:48 PM
Attachments:	Directive IESO FHP 2017 v3.docx

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Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###, pursuant to which the Minister of Finance is authorized to lend a maximum of $2 billion.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: , 2017

Charles Sousa
Minister of Finance

DRAFT

From:	Sarah Harris
To:	Salman Qadir; Tobias P. Whitfield (MOF); William Tan
Cc:	Lisa Stein; Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Tuesday, June 20, 2017 2:31:48 PM
Attachments:	Directive IESO FHP 2017 v3.docx

HI Salman,

One quick question re: subsection 2 below. Subsection 2 was added in amendment#7 of the $975M OFA-IESO existing credit facility; I think the idea was to ensure that any advance under the facility isn't rolled over for the entire term of the agreement, but that any one advance is limited to 12 months of rolls. Notwithstanding the reference to the Electricity Act in subsection 2, is the intention with this new credit facility to limit rolls to a 12 month period for any particular advance?

Thanks,

Sarah

From: Salman Qadir
Sent: Tuesday, June 20, 2017 2:14 PM
To: Tobias P. Whitfield (MOF) ; William Tan
Cc: Lisa Stein ; Sarah Harris ; Bruno Amara ; John Kim
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby/all,

I had a quick chat with Bruno as well and it may be best to leave it a little open in an effort to remain consistent with what we know for now. We can suggest IESO provide some more details in this statement for clarity based on how they see the borrowings to occur.

Regards,

Salman

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, June 20, 2017 1:58 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

I agree with Salman, though I wonder if we should be more specific about what short to medium term means, or better to leave it open depending on circumstances?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi William,

In being consistent with the Directive, I think the purpose of the credit facility can be written as follows, subject to any additional comments:

1) Proceeds of Advances may be used only for short to medium term financing requirements due

to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

I don't think subsection 2 applies. When sending this to IESO, I recommend that we highlight the entire section and have them confirm or provide further details, especially the reference to the 423/04 regulation.

Regards,
Salman

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby and Salman,

May I ask both of your assistance in defining the use of proceeds from the IESO credit facility below?

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Toby, once Lisa has finished reviewing the IESO credit facility, I will implement her suggested changes and then circulate the draft for your review and comment.

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To: Ontario Financing Authority ("OFA")

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- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

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../2

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: , 2017

Charles Sousa
Minister of Finance

DRAFT

From:	Salman Qadir
To:	Sarah Harris; Tobias P. Whitfield (MOF); William Tan; Lisa Stein
Cc:	Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Friday, June 23, 2017 1:58:46 PM
Attachments:	Directive IESO FHP 2017 v5.docx Directive IESO FHP 2017 v3.docx

---

Hi all,
Just to ensure we have the clean copy of the proposed Minister's Directive for this credit facility, please see attached.
In the v3 I had sent around, I had not remove the language in the recital making reference to the OIC #, which we had agreed did not need to be in the directive. Ron was also okay with leaving it removed.
Attached is v5.
Regards,
Salman

From: Salman Qadir
Sent: Tuesday, June 20, 2017 3:20 PM
To: Sarah Harris ; Tobias P. Whitfield (MOF) ; William Tan
Cc: Lisa Stein ; Bruno Amara ; John Kim
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Sounds good. Thank you Sarah.
Regards,
Salman

From: Sarah Harris
Sent: Tuesday, June 20, 2017 2:54 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Hi Salman,
Thanks for the suggestion – makes sense. We can strip the reference to the Electricity Act, and propose a more general subsection 2.
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, June 20, 2017 2:50 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Hi Sarah,
Based on the information we have to date, I don't think we were thinking of imposing that same

limitation of 12 month period but I see your point. I reread IESO request letter and suggest we do this instead to avoid lots of initial changes:

I. Change purpose to only state "short-term" needs:

> 1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

II. Leave subsection 2 in there for now.
If IESO has issues, they can raise it in their comments back. Should we need "medium-term" financing, we can amend the agreement later as needed.
Thoughts?
Regards,
Salman

From: Sarah Harris
Sent: Tuesday, June 20, 2017 2:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

I agree with Salman, though I wonder if we should be more specific about what short to medium term means, or better to leave it open depending on circumstances?

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Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

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Toby, once Lisa has finished reviewing the IESO credit facility, I will implement her suggested changes and then circulate the draft for your review and comment.

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MINISTER OF FINANCE

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DRAFT

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

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Dated:

Charles Sousa
Minister of Finance

DRAFT

DIRECTIVE

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[The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###, pursuant to which the Minister of Finance is authorized to lend a maximum of $2 billion.]

Commented [SQ21]: Based on discussions with OFA legal (including Ken Russell), this can be deleted as it is administrative in nature. Suggest deleting.

Therefore:

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../2

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Dated: , 2017

Charles Sousa
Minister of Finance

DRAFT

From: William Tan
To: Sarah Harris
Subject: RE: OFHP IESO OFA Credit Facility Agreement
Date: Thursday, June 22, 2017 9:13:57 AM

Thanks Sarah, have great day.

From: Sarah Harris
Sent: Thursday, June 22, 2017 9:02 AM
To: William Tan
Subject: Re: OFHP IESO OFA Credit Facility Agreement

Hi Wil,

I don't have my laptop so can't check versions.

You would have all of my copies though.

What I was showing you yesterday was my first set of comments that I had sent to you so you could under the nature of their inclusion, so that you would be able to answer any of Lisa's questions. You don't need to send it to her, unless you guys decide to take out all references to subsidiary in which case, you will know where to make all the deletions.

Regardless, when Lisa sends back her comments you would need to integrate my lane or comments which I included in my email to both you and Lisa. That is, the draft where I included including "the" in front of every " IESO" and "OFA". I think I mentioned 4 changes in the cover email that I made, which also included changing the recitals. I know that Lisa would have made some of these changes already in the draft that she will be sending back to you; you would need to make any remaining changes in the draft that she sends back to you.

Thanks,

Sarah

Sent from my iPhone

On Jun 22, 2017, at 8:21 AM, William Tan <William.Tan@ofina.on.ca> wrote:

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> I wasn't sure if you intended send me a copy of your proposed changes we discussed for version 4. Just a reminder to send me one if you did intend to.
>
> Best regards,
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> **Will Tan**| *Documentation & Analysis Specialist*
> Capital Markets Division | Ontario Financing Authority
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From:	William Tan
To:	Tobias P. Whitfield (MOF)
Cc:	Malle Hanslep (MOF); Sarah Harris; Lisa Stein
Subject:	RE: OFHP OFA Prom note (draft)
Date:	Monday, June 19, 2017 4:22:38 PM

Hi Toby,

Unfortunately I don't have a blacklined version.

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 19, 2017 3:30 PM

To: William Tan

Cc: Malle Hanslep (MOF) ; Sarah Harris ; Lisa Stein

Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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To: William Tan
Cc: Malle Hanslep (MOF); Sarah Harris; Lisa Stein
Subject: RE: OFHP OFA Prom note (draft)
Date: Monday, June 19, 2017 3:31:20 PM

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

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Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
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Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Whitfield, Tobias P. (MOF)
To: William Tan
Cc: Malle Hanslep (MOF); Sarah Harris; Lisa Stein
Subject: RE: OFHP OFA Prom note (draft)
Date: Monday, June 19, 2017 3:31:20 PM

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
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From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: OFHP OFA Prom note (draft)
Date: Monday, June 19, 2017 10:04:35 AM

Hi William,

What is our usual practice regarding promissory notes? Should this first be reviewed by MOF Legal or do we usually review first?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 12:11 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: OFHP OFA Prom note (draft)

Hello Lisa,

Please find the attached OFHP OFA Promissory Note. Please review and provide any comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: OFHP OFA Prom note (draft)
Date: Wednesday, June 14, 2017 1:09:19 PM
Attachments: compared 2005 vs 2017 IESO OFA Credit Agreement (draft).docx

---

Hello Lisa,

Sarah informed me that you wish to have the original (2005) version compared against the 2017 version.

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 12:11 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: OFHP OFA Prom note (draft)

Hello Lisa,

Please find the attached OFHP OFA Promissory Note. Please review and provide any comments.

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~~ONTARIO POWER AUTHORITY~~

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

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SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ~~1st~~(·) day of ~~January 2005, between:~~July 2017,

~~A. ONTARIO POWER AUTHORITY a~~**BETWEEN:**

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation ~~established~~without share capital existing under the Electricity Act, 1998 ("**IESO**")
~~(the "OPA")~~

(as Borrower)

AND

~~B.~~ **ONTARIO FINANCING AUTHORITY**~~,~~ a Crown agency established under the Capital Investment Plan Act, 1993 ~~(~~("OFA" and together with the IESO, the ~~"OFA").~~"Parties")

~~RECITAL:~~

(the "OFA")

RECITALS:

WHEREAS The ~~OPA~~IESO has requested ~~an operating line of~~ a short term revolving credit facility from ~~the OFA~~OFA for the purpose of its funding from the OFA to support the IESO's role in the ~~amount~~ implementation of ~~$500 million and the OFA has agreed to provide such a line~~the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit ~~to the OPA.~~facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

~~NOW~~ **AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are ~~acknowledged~~acknowledge), the ~~paiies~~parties agree as follows:

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ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**Advances**" means advances made by the OFA to ~~the OPA~~IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

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"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $~~500 million~~2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the ~~OPA~~IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; ~~and~~

(f) ~~(f)~~ the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Operating Facility"**~~**"Material Subsidiary"** means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the ~~revolving credit facility to be made available to the OPA by the OFA~~notes of IESO issued under this Agreement ~~for the purposes specified in Section 2.3~~.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of ~~OPA~~IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the ~~OPA~~IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the ~~OPA~~IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs ~~of~~litigation~~of~~ litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

~~(e)~~ (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the ~~OPA~~IESO or a Material Subsidiary that have not at the time been filed against the ~~OPA~~IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the ~~OPA~~IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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(g) any Lien the validity of which is being contested at the time by the ~~OPA~~IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the ~~OPA~~IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the ~~OPA~~IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the ~~OPA~~IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the ~~OPA~~IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the ~~OPA~~ IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation ~~of law~~of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

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Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings ~~and the provision of a Table of Contents~~ are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ~~ac.cepted~~accepted accounting principles refer to accounting ~~principles generally accepted in Canada~~policies and standards as ~~recommended in~~established by the ~~Handbook of the Canadian Institute of~~ Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business ~~-~~Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 ~~OPERATING FACILITY~~ REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA.~~IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 ~~**Commitment and Facility Limits.**~~

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~**Section 2.3**~~ **Use of Proceeds.**

The ~~OPA~~IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

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Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

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Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory ~~-~~Repayment.

Subject to Sections 2.~~9 and~~ 5.~~1~~ and 5.2, the ~~OPA~~IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2006.~~September 30, 2022.

Section 2.5 Prepayments.

The ~~OPA~~IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~7~~6 Payments under this Agreement.

~~The OPA~~

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the ~~OPA~~IESO from time to time, or in such other manner as the OFA may specify to the ~~OPA~~IESO from time to time. The ~~OPA~~IESO shall make each such payment in Canadian Dollars.

~~(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.~~

Section 2.~~8~~7 Computations ~~of~~ Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

~~(2)~~ For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in

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a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~9~~8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to ~~November 30, 2006~~August 31, 2022.

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made ~~on one~~subject to two Business ~~Day's~~Days' prior notice given not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the ~~OPA~~IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than ~~1 month, 2 months or 3~~7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2 ~~months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.~~

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The ~~OPA~~IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the

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applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each

(2) payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the ~~OPA~~IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The ~~OPA~~IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of ~~1 month, 2 months or 3 months~~7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the ~~OPA. If the OPA~~IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The ~~OPA~~IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province's~~OFA's cost of funds for borrowings with a similar term as

(2) determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period

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from the date of the Advance to the Repayment Date of the Advance,

~~to~~

If the ~~Repayment Date of the Advance.~~

(3) ~~If the OPA~~IESO elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~OPA~~IESO promissory note in respect of Advances held by it, ~~in respect of Advances held by it.~~

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Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the ~~OPA~~IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the ~~OPA~~IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the ~~OPA~~IESO is in compliance with the ~~tenns~~terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the ~~OPA~~IESO confirming that the borrowing is within the legal powers of the ~~OPA~~IESO and that the Agreement is a direct, unsecured obligation of the ~~OPA~~IESO enforceable against the ~~OPA~~IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE

~~OPA~~IESO

Section 4.1 Payment of Advances.

The ~~OPA~~IESO will duly and punctually pay ~~or cause to be paid all~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and ~~subject to the~~ conditions of this Agreement.

Section 4.2 ~~OPA~~IESO will Maintain its Corporate Existence.

~~The OPA~~Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the ~~OPA~~IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the ~~OPA~~IESO or any Material Subsidiary may be

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prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the ~~OPA~~ IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the ~~OPA~~ IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

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Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The ~~OPA~~IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the ~~OPA~~IESO or any Material Subsidiary, in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the ~~OPA~~IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

~~(d)~~ any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

~~(e)~~(d) any Lien charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

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Section 4.7 Payment of OFA Expenses

~~**The OPA**~~

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the ~~OPA~~IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province's~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the ~~OPA~~IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the ~~OPA~~IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay ~~any interest upon~~the principal amount of any Advance ~~when it becomes due~~ and ~~payable, if such failure continues~~all interest accrued thereon on the applicable Repayment Date for a period of 3 ~~Business Days~~business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and

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all other amounts owing under this Agreement on ~~December 31, 2006~~September 30, 2022 ;

(c) failure on the part of the ~~OPA~~IESO to observe or perform its obligations set forth in Section 4.1;

(~~e~~) d) failure on the part of the ~~OPA~~IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the ~~OPA~~IESO by the OFA;

(~~f~~) e) any representation or warranty made by the ~~OPA~~IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

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~~(g)~~(f) one or more breaches by the ~~OPA~~ IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

~~(h)~~(g) the ~~OPA~~IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismisssed~~ undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

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official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~i~~) h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the ~~OPA~~IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

~~**If proceedings**~~

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

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(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 Representations and Warranties of ~~OPA~~IESO

The ~~OPA~~IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the ~~OPA~~IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the ~~OPA~~IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the ~~OPA~~IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the ~~OPA~~IESO or any contractual or other obligation binding on the ~~OPA~~IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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(d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~3~~2.

Section 6.2 Continuation of Representation ~~and~~ Warranties

The representations~~,~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~7~~ 7 ~~GENERAL~~
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication ~~-~~addressed:

If to the ~~OPA~~IESO, to it at:

~~Ontario Power Authority 880 Bay~~Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON ~~M7A 2C~~M5H 1T1

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Attention: Chief ~~Executive~~Financial Officer-
Telephone: (416)969-6232
Fascimile: (905)403-6913

~~Telecopier:~~

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director — Capital Markets Division-
~~Telephone:~~ Telephone: (416) 325-~~8128~~8930
~~Telecopier:~~ Telecopier: (416) 325-~~8005~~8111

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~7~~8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~7~~8.1.

Section ~~7~~8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section ~~7~~8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section ~~7~~8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.
~~of such right shall not preclude an other or further exercise of such right or the exercise of any other right.~~

Section ~~7~~8.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section ~~7~~8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~7~~8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~7~~8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF the ~~parties~~Parties have executed this Amending Agreement as of the ~~1st day of January, 2005~~date first written above.

ONTARIO POWER AUTHORITY

~~by:~~

~~Name: Rosalyn Lawrence~~
~~Authorized Signing Officer~~

~~and:~~

~~Name: Riggs~~
~~Authorized Signing Officer~~

~~**ONTARIO FINANCING HORITY**~~

~~by:~~

~~Name: Gadi Mayman~~
~~Title: Chief Executive Officer~~

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ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

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SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~-204-7920

Ontario Financing Authority ~~("~~("**OFA**~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
~~M7A1Y7~~

M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~""~~"**Agreement**~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and the OFA,~~), and gives you notice pursuant to Section 3.2 of the Agreement that the ~~OPA~~IESO requests an Advance under the Agreement, and, in ~~that~~ connection with such request, sets forth below the information relating to such Advance (the ~~""~~"**Proposed Advance**~~")~~"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
~~(b)~~ (b) The aggregate amount of the Proposed Advance is _____ $_____;
~~(c)~~ (c) The Repayment Date of the Proposed Advance is _____; [~~not more~~ _____.
[Not earlier than ~~3 months~~7 days and not later than 95 days after the date of the Proposed Advance~~].~~]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

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notice or both would constitute an Event of Default.

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

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~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~) ~~204-7920

Ontario Financing Authority ~~("~~("**OFA**~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: ____ Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the "~~"~~**Agreement**~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and OFA,~~), and gives you notice pursuant to Section 3.3 of the Agreement that the ~~OPA~~IESO elects to continue all or a portion of an Advance for an additional term, and, in ~~that~~ connection with such election, sets forth below the information relating to ~~the~~such election as required by Section 3.3(~~3~~2) of the Agreement:

(a) The ~~outstanding~~date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
~~(a)~~ *i.* previous principal amount ~~of such Advance to be continued is $~~
_____$

ii. interest $_____
~~(b)~~ (c) The new Repayment Date applicable to such Advance is~~; [not more~~ _____. [Not earlier than ~~3 months~~7 days and not later than 95 days after the current Repayment Date for the Advance~~.~~.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the

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Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~ **INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

Per: _____

Name:

Authorized ~~-~~Signatory

~~Per:~~

~~Rick Jennings~~

~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

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SCHEDULE 3 ~~ONTARIO POWER AUTHORITY~~

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $~~500~~2,000,000,000 Date: ,

FOR VALUE RECEIVED, **~~ONTARIO POWER AUTHORITY~~INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "~~OPA~~"), Company"**), incorporated under the laws of the ~~Province~~OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~OPA~~Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~OPA~~Company to record on the Grid (~~a~~i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (~~b~~ii) the applicable rate of interest for each Advance; (~~c~~iii) the repayment date of each Advance; (~~d~~iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (~~e~~v) the outstanding principal ~~balance.~~amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as ~~of [Insert]~~amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. ~~This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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IN WITNESS WHEREOF the ~~OPA~~Company has executed this Note.

ONTARIO POWER AUTH~~ORITY~~

~~Per:~~ _____

Rosalyn Lawrence

~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~

~~Authorized Signatory~~

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INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

DATE	PRINCIPAL ADVANCED ~~RATE ADVMTGED~~	RATE	~~REPAYME.NT~~REPAYMENT DATE AND PRINCIPAL REPAID	~~INTEREST~~ PAYMENT DATE AND AMOUNT	~~UNPAID PRINCIPAL~~ PRINCPAL BALANCE	~~NOTATION MADE BY~~

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From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: OFHP OFA Prom note (draft)
Date: Wednesday, June 14, 2017 1:09:19 PM
Attachments: compared 2005 vs 2017 IESO OFA Credit Agreement (draft).docx

---

Hello Lisa,

Sarah informed me that you wish to have the original (2005) version compared against the 2017 version.

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 12:11 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: OFHP OFA Prom note (draft)

Hello Lisa,

Please find the attached OFHP OFA Promissory Note. Please review and provide any comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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~~ONTARIO POWER AUTHORITY~~

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

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SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ~~1st~~(·) day of ~~January 2005, between:~~July 2017,

~~A. ONTARIO POWER AUTHORITY a~~**BETWEEN:**

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation ~~established~~without share capital existing under the Electricity Act, 1998 ("**IESO**")
~~(the "OPA")~~

(as Borrower)

AND

~~B.~~ **ONTARIO FINANCING AUTHORITY**~~,~~ a Crown agency established under the Capital Investment Plan Act, 1993 ~~(~~("OFA" and together with the IESO, the ~~"OFA").~~"Parties")

~~RECITAL:~~

(the "OFA")

RECITALS:

WHEREAS The ~~OPA~~IESO has requested ~~an operating line of~~ a short term revolving credit facility from ~~the OFA~~OFA for the purpose of its funding from the OFA to support the IESO's role in the ~~amount~~ implementation of ~~$500 million and the OFA has agreed to provide such a line~~the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit ~~to the OPA.~~facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

~~NOW~~ **AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are ~~acknowledged~~acknowledge), the ~~paiies~~parties agree as follows:

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ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**Advances**" means advances made by the OFA to ~~the OPA~~IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

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"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $~~500 million~~2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the ~~OPA~~IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; ~~and~~

(f) ~~(f)~~ the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Operating Facility"**~~**"Material Subsidiary"** means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the ~~revolving credit facility to be made available to the OPA by the OFA~~notes of IESO issued under this Agreement ~~for the purposes specified in Section 2.3~~.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of ~~OPA~~IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the ~~OPA~~IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the ~~OPA~~IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs ~~of~~litigation~~of~~ litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

~~(e)~~ (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the ~~OPA~~IESO or a Material Subsidiary that have not at the time been filed against the ~~OPA~~IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the ~~OPA~~IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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(g) any Lien the validity of which is being contested at the time by the ~~OPA~~IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the ~~OPA~~IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the ~~OPA~~IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the ~~OPA~~IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the ~~OPA~~IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the ~~OPA~~ IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation ~~of law~~of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

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Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings ~~and the provision of a Table of Contents~~ are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ~~ac.cepted~~accepted accounting principles refer to accounting ~~principles generally accepted in Canada~~policies and standards as ~~recommended in~~established by the ~~Handbook of the Canadian Institute of~~ Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business ~~-~~Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 ~~OPERATING FACILITY~~ REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA.~~IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 ~~**Commitment and Facility Limits.**~~

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~**Section 2.3**~~ **Use of Proceeds.**

The ~~OPA~~IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

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Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory ~~-~~Repayment.

Subject to Sections 2.~~9 and~~ 5.~~1~~ and 5.2, the ~~OPA~~IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2006.~~September 30, 2022.

Section 2.5 Prepayments.

The ~~OPA~~IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~7~~6 Payments under this Agreement.

~~The OPA~~

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the ~~OPA~~IESO from time to time, or in such other manner as the OFA may specify to the ~~OPA~~IESO from time to time. The ~~OPA~~IESO shall make each such payment in Canadian Dollars.

~~(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.~~

Section 2.~~8~~7 Computations ~~of~~ Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

~~(2)~~ For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in

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a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~9~~8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to ~~November 30, 2006~~August 31, 2022.

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made ~~on one~~subject to two Business ~~Day's~~Days' prior notice given not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the ~~OPA~~IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than ~~1 month, 2 months or 3~~7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2 ~~months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.~~

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The ~~OPA~~IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the

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applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each

(2) payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the ~~OPA~~IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The ~~OPA~~IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of ~~1 month, 2 months or 3 months~~7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the ~~OPA. If the OPA~~IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The ~~OPA~~IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province's~~OFA's cost of funds for borrowings with a similar term as

(2) determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period

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from the date of the Advance to the Repayment Date of the Advance,

~~to~~

If the ~~Repayment Date of the Advance.~~

(3) ~~If the OPA~~IESO elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~OPA~~IESO promissory note in respect of Advances held by it, ~~in respect of Advances held by it.~~

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Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the ~~OPA~~IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the ~~OPA~~IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the ~~OPA~~IESO is in compliance with the ~~tenns~~terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the ~~OPA~~IESO confirming that the borrowing is within the legal powers of the ~~OPA~~IESO and that the Agreement is a direct, unsecured obligation of the ~~OPA~~IESO enforceable against the ~~OPA~~IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE

~~OPA~~IESO

Section 4.1 Payment of Advances.

The ~~OPA~~IESO will duly and punctually pay ~~or cause to be paid all~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and ~~subject to the~~ conditions of this Agreement.

Section 4.2 ~~OPA~~IESO will Maintain its Corporate Existence.

~~The OPA~~Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the ~~OPA~~IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the ~~OPA~~IESO or any Material Subsidiary may be

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prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the ~~OPA~~ IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the ~~OPA~~ IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

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Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The ~~OPA~~IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the ~~OPA~~IESO or any Material Subsidiary, in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the ~~OPA~~IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

~~(d)~~ any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

~~(e)~~(d) any Lien charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

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Section 4.7 Payment of OFA Expenses

~~**The OPA**~~

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the ~~OPA~~IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province's~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the ~~OPA~~IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the ~~OPA~~IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay ~~any interest upon~~the principal amount of any Advance ~~when it becomes due~~ and ~~payable, if such failure continues~~all interest accrued thereon on the applicable Repayment Date for a period of 3 ~~Business Days~~business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and

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all other amounts owing under this Agreement on ~~December 31, 2006~~September 30, 2022 ;

(c) failure on the part of the ~~OPA~~IESO to observe or perform its obligations set forth in Section 4.1;

(~~e~~) d) failure on the part of the ~~OPA~~IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the ~~OPA~~IESO by the OFA;

(~~f~~) e) any representation or warranty made by the ~~OPA~~IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

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~~(g)~~(f) one or more breaches by the ~~OPA~~ IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

~~(h)~~(g) the ~~OPA~~IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismisssed~~ undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

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official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~i~~) h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the ~~OPA~~IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

~~**If proceedings**~~

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

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(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 Representations and Warranties of ~~OPA~~IESO

The ~~OPA~~IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the ~~OPA~~IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the ~~OPA~~IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the ~~OPA~~IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the ~~OPA~~IESO or any contractual or other obligation binding on the ~~OPA~~IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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(d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~3~~2.

Section 6.2 Continuation of Representation ~~and~~ Warranties

The representations~~,~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~7~~ 7 ~~GENERAL~~
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication ~~-~~addressed:

If to the ~~OPA~~IESO, to it at:

~~Ontario Power Authority 880 Bay~~Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON ~~M7A 2C~~M5H 1T1

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Attention: Chief ~~Executive~~Financial Officer-
Telephone: (416)969-6232
Fascimile: (905)403-6913

~~Telecopier:~~

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director — Capital Markets Division-
~~Telephone:~~ Telephone: (416) 325-~~8128~~8930
~~Telecopier:~~ Telecopier: (416) 325-~~8005~~8111

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~7~~8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~7~~8.1.

Section ~~7~~8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section ~~7~~8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section ~~7~~8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.
~~of such right shall not preclude an other or further exercise of such right or the exercise of any other right.~~

Section ~~7~~8.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section ~~7~~8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~7~~8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~7~~8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF the ~~parties~~Parties have executed this Amending Agreement as of the ~~1st day of January, 2005~~date first written above.

ONTARIO POWER AUTHORITY

~~by:~~

~~Name: Rosalyn Lawrence~~
~~Authorized Signing Officer~~

~~and:~~

~~Name: Riggs~~
~~Authorized Signing Officer~~

~~**ONTARIO FINANCING HORITY**~~

~~by:~~

~~Name: Gadi Mayman~~
~~Title: Chief Executive Officer~~

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ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

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SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~-204-7920

Ontario Financing Authority ~~("~~("**OFA**~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
~~M7A1Y7~~

M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~""~~"**Agreement**~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and the OFA,~~), and gives you notice pursuant to Section 3.2 of the Agreement that the ~~OPA~~IESO requests an Advance under the Agreement, and, in ~~that~~ connection with such request, sets forth below the information relating to such Advance (the ~~""~~"**Proposed Advance**~~")~~"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
~~(b)~~ (b) The aggregate amount of the Proposed Advance is _____ $_____;
~~(c)~~ (c) The Repayment Date of the Proposed Advance is _____; [~~not more~~ _____.
[Not earlier than ~~3 months~~7 days and not later than 95 days after the date of the Proposed Advance~~].~~]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

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notice or both would constitute an Event of Default.

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

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~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~) ~~204-7920

Ontario Financing Authority ~~("~~("**OFA**~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: ____ Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the "~~"~~**Agreement**~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and OFA,~~), and gives you notice pursuant to Section 3.3 of the Agreement that the ~~OPA~~IESO elects to continue all or a portion of an Advance for an additional term, and, in ~~that~~ connection with such election, sets forth below the information relating to ~~the~~such election as required by Section 3.3(~~3~~2) of the Agreement:

(a) The ~~outstanding~~date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
~~(a)~~ *i.* previous principal amount ~~of such Advance to be continued is $~~
_____$

ii. interest $_____
~~(b)~~ (c) The new Repayment Date applicable to such Advance is~~; [not more~~ _____. [Not earlier than ~~3 months~~7 days and not later than 95 days after the current Repayment Date for the Advance~~.~~.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the

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Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~ **INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

Per: _____

Name:

Authorized ~~-~~Signatory

~~Per:~~

~~Rick Jennings~~

~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

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SCHEDULE 3 ~~ONTARIO POWER AUTHORITY~~

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $~~500~~2,000,000,000 Date: ,

FOR VALUE RECEIVED, **~~ONTARIO POWER AUTHORITY~~INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "~~OPA~~"), Company"**), incorporated under the laws of the ~~Province~~OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~OPA~~Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~OPA~~Company to record on the Grid (~~a~~i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (~~b~~ii) the applicable rate of interest for each Advance; (~~c~~iii) the repayment date of each Advance; (~~d~~iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (~~e~~v) the outstanding principal ~~balance.~~amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as ~~of [Insert]~~amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. ~~This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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IN WITNESS WHEREOF the ~~OPA~~Company has executed this Note.

ONTARIO POWER AUTH~~ORITY~~

~~Per:~~ _____

Rosalyn Lawrence

~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~

~~Authorized Signatory~~

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INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

DATE	PRINCIPAL ADVANCED ~~RATE ADVMTGED~~	RATE	~~REPAYME.NT~~REPAYMENT DATE AND PRINCIPAL REPAID	~~INTEREST~~ PAYMENT DATE AND AMOUNT	~~UNPAID PRINCIPAL~~ PRINCPAL BALANCE	~~NOTATION MADE BY~~

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From:	William Tan
To:	Tobias P. Whitfield (MOF)
Cc:	Malle Hanslep (MOF); Sarah Harris; Lisa Stein
Subject:	RE: OFHP OFA Prom note (draft)
Date:	Monday, June 19, 2017 4:22:38 PM

Hi Toby,

Unfortunately I don't have a blacklined version.

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 19, 2017 3:30 PM

To: William Tan

Cc: Malle Hanslep (MOF) ; Sarah Harris ; Lisa Stein

Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Salman Qadir
To:	Sarah Harris; Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 5:00:00 PM

Thanks Sarah.
Just sending this email to follow-up on our conversation. I was referring to the mechanism as to how IESO pays back their advances, which has been pointed out to me is section 2.6.2. So all is good.
Regards,
Salman

From: Sarah Harris
Sent: Friday, June 23, 2017 4:55 PM
To: Salman Qadir ; Lisa Stein
Cc: Bruno Amara ; John Kim ; William Tan ; Tobias P. Whitfield (MOF)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,
Thanks so much for reviewing. I will remove the question to IESO regarding whether medium term financing should be included.
Two days processing is what is included in the current $975 million facility (in the original facility it was actually one day, but in amending agreement #9 we extended to two days). So this should be okay.
The agreement does not specify a prepayment option for IESO; is this something we should be looking to include?
Thanks,
Sarah

From: Salman Qadir
Sent: Friday, June 23, 2017 4:33 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Sarah/Lisa,
I took a quick look through (for the sake of time) and made 2 minor comments. I didn't review the conditions precedent etc as they appear to be pretty standard and this agreement is similar to $975 million agreement.

- We decided to leave use of proceeds to say short-term and let IESO tell us otherwise. If we are going to ask them explicitly to confirm whether its short-term or also medium term, we should ask for them for some language on definition. The Directive says "short-term to medium-term", so we would not be offside the Directive if we continue to only say "short-term".
- Is a 2-day notice sufficient for our processing purposes? Typically, its 5 business days but maybe we can ask for 3 business day notice at the least?

One detail I may have missed but didn't see was how does IESO pay us back on the advance? Do

they just EFT the funds to us based on their election notice?
Regards,
Salman
416-325-1422

From: Lisa Stein
Sent: Friday, June 23, 2017 4:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,
In particular, can you please review Section 2.2 "Use of Proceeds"?
Thank you,
Lisa

From: Sarah Harris
Sent: Friday, June 23, 2017 4:02 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,
As discussed, we've been drafting up to the 11th hour to try to get this to IESO by end of day today. We're still putting on the final touches, but if you wouldn't mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.
Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,
My apologies – in addition to the changes below, I noted one more change.
Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention
Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).
Otherwise, there are no other changes from my last version.
Thanks,

Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,

Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 3:57:06 PM

I agree with the deletion of the word "Continued" as noted below. I'll get back to you shortly regarding the rest of the amendments.

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein
Cc: William Tan ; Tobias P. Whitfield (MOF)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

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Thanks,

Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

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Thanks,

Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-

rev.doc

Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 3:54:30 PM

Hi Sarah,

I agree with your responses to Toby (note that you require a space after the new "or"), and I agree that you should confirm Toby has no further comments re: Use of Proceeds. Have you received comments from Salman regarding this as well? I am in the process of reviewing the other draft that you sent.

Lisa

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Sent: Friday, June 23, 2017 3:33 PM
To: Lisa Stein
Cc: William Tan
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

It looks like Toby only had 3 comments. I've included my answers, but would have you review as well before we respond to Toby. I think we should also confirm Toby has no further comments on the Use of Proceeds.

Thanks,

Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, June 23, 2017 2:24 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

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Lisa N. Stein

Legal Counsel
Ontario Financing Authority
416-325-2320
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Sent: Friday, June 23, 2017 2:24 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein

Legal Counsel
Ontario Financing Authority
416-325-2320
****
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****

From: Sarah Harris
To: Lisa Stein
Cc: William Tan
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date: Friday, June 23, 2017 3:33:02 PM
Attachments: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev (2 Toby).doc

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Hi Lisa,

It looks like Toby only had 3 comments. I've included my answers, but would have you review as well before we respond to Toby. I think we should also confirm Toby has no further comments on the Use of Proceeds.

Thanks,

Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Friday, June 23, 2017 2:24 PM

To: Lisa Stein ; Sarah Harris

Cc: William Tan

Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [TPW1]: Doesn't this also replace earlier facility, so for the existing purposes as well?

Commented [SH2R1]: This doesn't replace the existing facility (although the existing facility is being reduced from $975m to $475M). This is a new facility specifically purposed for the FHP.

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [WT4R3]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS5]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS6]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT7R6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH8]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Formatted: French (Canada)

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS9]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS10]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT17]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS18]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS19]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT20]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS21]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

(3)(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4)(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5)(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.21 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.32 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.32 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS22]: Why was this changed? Appears redundant.

Commented [WT23R22]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS24R22]: Add back original language (pre-amendment)

Commented [LS25]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS26]: Deleted s. 7.1 as n/a in this context

Commented [WT27R26]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Commented [TPW28]: Wording?

Commented [SH29R28]: Agree. Need to add "or"

Commented [LS30]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [TPW31]: I don't know how this would operate in practice. I don't know anything about what kind of property IESO may have, or even if they have any real property beyond leases or personal property beyond office equipment etc… I think that this would be a question for IESO or the Ministry of Energy.

Commented [SH32R31]: OK. We can ask IESO.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~d~~c) ~~——~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS33]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS34]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS35]: N/A in context of IESO

Commented [WT36R35]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS37]: Change numbering throughout and references if applicable

Commented [SH38R37]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS39]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~e~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT40]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT41]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: Lisa Stein
Cc: William Tan
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date: Friday, June 23, 2017 3:33:02 PM
Attachments: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev (2 Toby).doc

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Hi Lisa,

It looks like Toby only had 3 comments. I've included my answers, but would have you review as well before we respond to Toby. I think we should also confirm Toby has no further comments on the Use of Proceeds.

Thanks,

Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Friday, June 23, 2017 2:24 PM

To: Lisa Stein ; Sarah Harris

Cc: William Tan

Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [TPW1]: Doesn't this also replace earlier facility, so for the existing purposes as well?

Commented [SH2R1]: This doesn't replace the existing facility (although the existing facility is being reduced from $975m to $475M). This is a new facility specifically purposed for the FHP.

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [WT4R3]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS5]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS6]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT7R6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH8]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Formatted: French (Canada)

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS9]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS10]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT17]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS18]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS19]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT20]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS21]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

(3)(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4)(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5)(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.21 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.32 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.32 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS22]: Why was this changed? Appears redundant.

Commented [WT23R22]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS24R22]: Add back original language (pre-amendment)

Commented [LS25]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS26]: Deleted s. 7.1 as n/a in this context

Commented [WT27R26]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Commented [TPW28]: Wording?

Commented [SH29R28]: Agree. Need to add "or"

Commented [LS30]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [TPW31]: I don't know how this would operate in practice. I don't know anything about what kind of property IESO may have, or even if they have any real property beyond leases or personal property beyond office equipment etc… I think that this would be a question for IESO or the Ministry of Energy.

Commented [SH32R31]: OK. We can ask IESO.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~d~~c) ~~——~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS33]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS34]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS35]: N/A in context of IESO

Commented [WT36R35]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS37]: Change numbering throughout and references if applicable

Commented [SH38R37]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS39]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~e~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT40]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT41]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 2:58:02 PM
Attachments:	Blacklined vs OFA Legal version 12 38 pm.docx OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc

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Hi Lisa,

My apologies – in addition to the changes below, I noted one more change.

Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.

Thanks,

Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein
Cc: William Tan ; Tobias P. Whitfield (MOF)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,

Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein

Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

Commented [SH4R3]: I amended to include interest to be consistent with wording under section 3.3

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" ~~mean~~means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6R5]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS9]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [SH10]: Could IESO please confirm if this is short term or short to medium term.

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance ~~(~~and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ (b) the ~~Repayment Date of the proposed Continued~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [SH17]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [WT18]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS19]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [SH20]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [SH21]: Think this should just be the Advance.

Commented [WT22]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH23]: Deleted (b), since this is reflected in (d)

~~Advance, (c) the~~ new aggregate total amount of the proposed Continued Advance~~,~~ ~~[including accrued interest];~~ and (~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance ~~-~~shall be determined in ~~accordance with~~the same manner as an Advance as set out in Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

Commented [LS24]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [LS25]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH26R25]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~1~~2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.~~2~~3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~2~~3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

Commented [LS27]: Why was this changed? Appears redundant.

Commented [WT28R27]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS29R27]: Add back original language (pre-amendment)

Commented [LS30]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH31R30]: Done

Commented [LS32]: Fix formatting/numbering and amend any corresponding numbering.

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.~~3~~4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~4~~5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~5~~6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~5~~6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~5~~6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Commented [LS33]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [LS34]: Mof Legal to confirm relvant?

Indebtedness secured by Liens permitted pursuant to this Section 4.~~5~~6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~6~~7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~7~~8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~8~~9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

Commented [LS35]: Why was this language changed? Failure to pay principal amount addressed below.

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~c~~)d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

Commented [LS36]: Correct numbering

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~e~~f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~g~~h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

Commented [LS37]: Change numbering throughout and references if applicable

Commented [SH38R37]: Keep 'as is' since keeping Article 7.

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is ~~_____;_____;~~ [Insert principal amount of Advance and Advance date];
(b) The ~~Repayment date of the Advance to which the election request applies, being a Business Day is _____; [insert Repayment Date of Advance];~~
~~(c) The~~new aggregate total amount of the proposed ~~election~~Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(~~d~~c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Commented [LS39]: See comments in agreement and amend for consistency once details are determined

Commented [WT40]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT41]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH42]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [SH5]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [SH6]: Changed per Carlos' description of how advance works and converstation with Lisa

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

Commented [SH7]: Think this should just be the Advance.

~~Advance;~~ (b~~c~~b) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (c~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH8]: Deleted (b), since this is reflected in (d)

Commented [LS9]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH10R9]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Formatted: Indent: First line: 0.5"

Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS11]: Fix formatting/numbering and amend any corresponding numbering.

The IESO will at all times maintain its corporate existence.

Commented [SH12R11]: Done

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS13]: Mof Legal to confirm relvant?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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Commented [LS14]: Change numbering throughout and references if applicable

Commented [SH15R14]: done

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~c~~) The new aggregate total ~~-~~amount of the ~~-~~proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~) The new Repayment Date, being a Business Day, ~~-~~applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH16]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 2:58:02 PM
Attachments:	Blacklined vs OFA Legal version 12 38 pm.docx OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc

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Hi Lisa,

My apologies – in addition to the changes below, I noted one more change.

Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.

Thanks,

Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein
Cc: William Tan ; Tobias P. Whitfield (MOF)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,

Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein

Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

Commented [SH4R3]: I amended to include interest to be consistent with wording under section 3.3

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" ~~mean~~means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6R5]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS9]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [SH10]: Could IESO please confirm if this is short term or short to medium term.

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance ~~(~~and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ (b) the ~~Repayment Date of the proposed Continued~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [SH17]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [WT18]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS19]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [SH20]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [SH21]: Think this should just be the Advance.

Commented [WT22]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH23]: Deleted (b), since this is reflected in (d)

~~Advance, (c) the~~ new aggregate total amount of the proposed Continued Advance~~,~~ ~~[including accrued interest];~~ and (~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance ~~-~~shall be determined in ~~accordance with~~the same manner as an Advance as set out in Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

Commented [LS24]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [LS25]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH26R25]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~1~~2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.~~2~~3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~2~~3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

Commented [LS27]: Why was this changed? Appears redundant.

Commented [WT28R27]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS29R27]: Add back original language (pre-amendment)

Commented [LS30]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH31R30]: Done

Commented [LS32]: Fix formatting/numbering and amend any corresponding numbering.

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.~~3~~4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~4~~5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~5~~6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~5~~6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~5~~6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Commented [LS33]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [LS34]: Mof Legal to confirm relvant?

Indebtedness secured by Liens permitted pursuant to this Section 4.~~5~~6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~6~~7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~7~~8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~8~~9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

Commented [LS35]: Why was this language changed? Failure to pay principal amount addressed below.

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~c~~)d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

Commented [LS36]: Correct numbering

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~e~~f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~g~~h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

Commented [LS37]: Change numbering throughout and references if applicable

Commented [SH38R37]: Keep 'as is' since keeping Article 7.

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is ~~_____;_____;~~ [Insert principal amount of Advance and Advance date];
(b) The ~~Repayment date of the Advance to which the election request applies, being a Business Day is _____; [insert Repayment Date of Advance];~~
~~(c) The~~new aggregate total amount of the proposed ~~election~~Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(~~d~~c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Commented [LS39]: See comments in agreement and amend for consistency once details are determined

Commented [WT40]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT41]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH42]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [SH5]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [SH6]: Changed per Carlos' description of how advance works and converstation with Lisa

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

Commented [SH7]: Think this should just be the Advance.

~~Advance;~~ (b~~c~~b) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (c~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH8]: Deleted (b), since this is reflected in (d)

Commented [LS9]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH10R9]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

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Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS11]: Fix formatting/numbering and amend any corresponding numbering.

The IESO will at all times maintain its corporate existence.

Commented [SH12R11]: Done

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS13]: Mof Legal to confirm relvant?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~c~~) The new aggregate total ~~-~~amount of the ~~-~~proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~) The new Repayment Date, being a Business Day, ~~-~~applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH16]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 2:43:50 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc Blacklined vs OFA Legal version 1238 pm.docx

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,

Sarah

From: Lisa Stein

Sent: Friday, June 23, 2017 12:38 PM

To: Sarah Harris

Cc: William Tan ; Tobias P. Whitfield (MOF)

Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [SH5]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [SH6]: Changed per Carlos' description of how advance works and converstation with Lisa

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

~~Advance;~~ (b~~c~~~~b~~) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (c~~d~~~~c~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH7]: Deleted (b), since this is reflected in (d)

Commented [LS8]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH9R8]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

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Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS10]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH11R10]: Done

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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Commented [LS13]: Change numbering throughout and references if applicable

Commented [SH14R13]: done

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~b~~) The new aggregate total amount of the proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~e) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH15]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

Commented [SH4R3]: I amended to include interest to be consistent with wording under section 3.3

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" ~~mean~~means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6R5]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS9]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [SH10]: Could IESO please confirm if this is short term or short to medium term.

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance ~~(~~and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ (b) the ~~Repayment Date of the proposed Continued~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [SH17]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [WT18]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS19]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [SH20]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [WT21]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH22]: Deleted (b), since this is reflected in (d)

~~Advance, (c) the~~ new aggregate total amount of the proposed Continued Advance~~,~~ ~~[including accrued interest];~~ and (~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance ~~-~~shall be determined in ~~accordance with~~the same manner as an Advance as set out in Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

Commented [LS23]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [LS24]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH25R24]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~1~~2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.~~2~~3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~2~~3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

Commented [LS26]: Why was this changed? Appears redundant.

Commented [WT27R26]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS28R26]: Add back original language (pre-amendment)

Commented [LS29]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH30R29]: Done

Commented [LS31]: Fix formatting/numbering and amend any corresponding numbering.

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.~~3~~4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~4~~5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~5~~6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~5~~6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~5~~6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Commented [LS32]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [LS33]: Mof Legal to confirm relvant?

Indebtedness secured by Liens permitted pursuant to this Section 4.~~5~~6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~6~~7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~7~~8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~8~~9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

Commented [LS34]: Why was this language changed? Failure to pay principal amount addressed below.

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~c~~)d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

Commented [LS35]: Correct numbering

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~e~~f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~g~~h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

Commented [LS36]: Change numbering throughout and references if applicable

Commented [SH37R36]: Keep 'as is' since keeping Article 7.

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is ~~_____;_____;~~ [Insert principal amount of Advance and Advance date];
(b) The ~~Repayment date of the Advance to which the election request applies, being a Business Day is _____; [insert Repayment Date of Advance];~~
~~(c) The~~new aggregate total amount of the proposed ~~election~~Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(~~d~~c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Commented [LS38]: See comments in agreement and amend for consistency once details are determined

Commented [WT39]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT40]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH41]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 2:43:50 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc Blacklined vs OFA Legal version 1238 pm.docx

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,

Sarah

From: Lisa Stein

Sent: Friday, June 23, 2017 12:38 PM

To: Sarah Harris

Cc: William Tan ; Tobias P. Whitfield (MOF)

Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [SH5]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [SH6]: Changed per Carlos' description of how advance works and converstation with Lisa

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

~~Advance;~~ (b~~c~~~~b~~) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (c~~d~~~~c~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH7]: Deleted (b), since this is reflected in (d)

Commented [LS8]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH9R8]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

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Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS10]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH11R10]: Done

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS12]: Mof Legal to confirm relvant?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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Commented [SH14R13]: done

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~b~~) The new aggregate total amount of the proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~e) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH15]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

Commented [SH4R3]: I amended to include interest to be consistent with wording under section 3.3

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" ~~mean~~means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6R5]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS9]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [SH10]: Could IESO please confirm if this is short term or short to medium term.

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance ~~(~~and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ (b) the ~~Repayment Date of the proposed Continued~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [SH17]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [WT18]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS19]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [SH20]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [WT21]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH22]: Deleted (b), since this is reflected in (d)

~~Advance, (c) the~~ new aggregate total amount of the proposed Continued Advance~~,~~ ~~[including accrued interest];~~ and (~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance ~~-~~shall be determined in ~~accordance with~~the same manner as an Advance as set out in Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

Commented [LS23]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [LS24]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH25R24]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~1~~2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.~~2~~3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~2~~3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

Commented [LS26]: Why was this changed? Appears redundant.

Commented [WT27R26]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS28R26]: Add back original language (pre-amendment)

Commented [LS29]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH30R29]: Done

Commented [LS31]: Fix formatting/numbering and amend any corresponding numbering.

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.~~3~~4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~4~~5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~5~~6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~5~~6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~5~~6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Commented [LS32]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [LS33]: Mof Legal to confirm relvant?

Indebtedness secured by Liens permitted pursuant to this Section 4.~~5~~6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~6~~7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~7~~8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~8~~9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

Commented [LS34]: Why was this language changed? Failure to pay principal amount addressed below.

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~c~~)d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

Commented [LS35]: Correct numbering

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~e~~f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~g~~h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

Commented [LS36]: Change numbering throughout and references if applicable

Commented [SH37R36]: Keep 'as is' since keeping Article 7.

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is ~~_____;_____;~~ [Insert principal amount of Advance and Advance date];
(b) The ~~Repayment date of the Advance to which the election request applies, being a Business Day is _____; [insert Repayment Date of Advance];~~
~~(c) The~~new aggregate total amount of the proposed ~~election~~Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(~~d~~c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Commented [LS38]: See comments in agreement and amend for consistency once details are determined

Commented [WT39]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT40]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH41]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Whitfield, Tobias P. (MOF)
To:	Lisa Stein; Sarah Harris
Cc:	William Tan
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 2:25:04 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev (2).doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****

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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

Commented [TPW1]: Doesn't this also replace earlier facility, so for the existing purposes as well?

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS2]: Business decision. Delete as per other comments?

Commented [WT3R2]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS4]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6R5]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

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Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS9]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS10]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT11R10]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS12R10]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS13]: Make sure definition updated.

Commented [WT14]:

Commented [WT15R14]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT16]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS17]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS18]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT19]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS20]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

~~(3)~~(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(4)~~(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

~~(5)~~(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~2~~1 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.~~3~~2 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~3~~2 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS21]: Why was this changed? Appears redundant.

Commented [WT22R21]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS23R21]: Add back original language (pre-amendment)

Commented [LS24]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS25]: Deleted s. 7.1 as n/a in this context

Commented [WT26R25]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Commented [TPW27]: Wording?

Commented [LS28]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [TPW29]: I don't know how this would operate in practice. I don't know anything about what kind of property IESO may have, or even if they have any real property beyond leases or personal property beyond office equipment etc… I think that this would be a question for IESO or the Ministry of Energy.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(dc) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(de) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(fe) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(fg) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS30]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS31]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS32]: N/A in context of IESO

Commented [WT33R32]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS34]: Change numbering throughout and references if applicable

Commented [SH35R34]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS36]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~c~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT37]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT38]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Salman Qadir; Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:54:31 PM

Hi Salman,
Thanks so much for reviewing. I will remove the question to IESO regarding whether medium term financing should be included.
Two days processing is what is included in the current $975 million facility (in the original facility it was actually one day, but in amending agreement #9 we extended to two days). So this should be okay.
The agreement does not specify a prepayment option for IESO; is this something we should be looking to include?
Thanks,
Sarah

From: Salman Qadir
Sent: Friday, June 23, 2017 4:33 PM
To: Lisa Stein ; Sarah Harris
Cc: Bruno Amara ; John Kim ; William Tan ; Tobias P. Whitfield (MOF)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Sarah/Lisa,
I took a quick look through (for the sake of time) and made 2 minor comments. I didn't review the conditions precedent etc as they appear to be pretty standard and this agreement is similar to $975 million agreement.

- We decided to leave use of proceeds to say short-term and let IESO tell us otherwise. If we are going to ask them explicitly to confirm whether its short-term or also medium term, we should ask for them for some language on definition. The Directive says "short-term to medium-term", so we would not be offside the Directive if we continue to only say "short-term".
- Is a 2-day notice sufficient for our processing purposes? Typically, its 5 business days but maybe we can ask for 3 business day notice at the least?

One detail I may have missed but didn't see was how does IESO pay us back on the advance? Do they just EFT the funds to us based on their election notice?
Regards,
Salman
416-325-1422

From: Lisa Stein
Sent: Friday, June 23, 2017 4:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

In particular, can you please review Section 2.2 “Use of Proceeds”?
Thank you,
Lisa

From: Sarah Harris
Sent: Friday, June 23, 2017 4:02 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

As discussed, we’ve been drafting up to the 11th hour to try to get this to IESO by end of day today. We’re still putting on the final touches, but if you wouldn’t mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.
Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,
My apologies – in addition to the changes below, I noted one more change.
Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an “Election Notice”) shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.
Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,
Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).
Particularly, could please review the election notice language and comment if you think it is now

consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,

Sarah

From: Lisa Stein

Sent: Friday, June 23, 2017 12:38 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Whitfield, Tobias P. (MOF)
To:	Lisa Stein; Sarah Harris
Cc:	William Tan
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 2:25:04 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev (2).doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

Commented [TPW1]: Doesn't this also replace earlier facility, so for the existing purposes as well?

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS2]: Business decision. Delete as per other comments?

Commented [WT3R2]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS4]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6R5]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

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Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS9]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS10]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT11R10]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS12R10]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS13]: Make sure definition updated.

Commented [WT14]:

Commented [WT15R14]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT16]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS17]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS18]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT19]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS20]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

~~(3)~~(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(4)~~(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

~~(5)~~(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~2~~1 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.~~3~~2 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~3~~2 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS21]: Why was this changed? Appears redundant.

Commented [WT22R21]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS23R21]: Add back original language (pre-amendment)

Commented [LS24]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS25]: Deleted s. 7.1 as n/a in this context

Commented [WT26R25]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Commented [TPW27]: Wording?

Commented [LS28]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [TPW29]: I don't know how this would operate in practice. I don't know anything about what kind of property IESO may have, or even if they have any real property beyond leases or personal property beyond office equipment etc… I think that this would be a question for IESO or the Ministry of Energy.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(dc) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(de) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(fe) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(fg) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS30]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS31]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS32]: N/A in context of IESO

Commented [WT33R32]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

Formatted: Centered

Formatted: Centered, Indent: First line: 0"

Formatted: Centered

Formatted: Centered, Indent: First line: 0"

Commented [LS34]: Change numbering throughout and references if applicable

Commented [SH35R34]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS36]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~c~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT37]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT38]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: Tobias P. Whitfield (MOF); Lisa Stein
Cc: William Tan
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Friday, June 23, 2017 8:53:31 AM

Thank you, Toby.

Sarah

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, June 23, 2017 8:37 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: Re: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc

Thanks. I will review this in the am and get comments to you asap.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Sarah Harris
Sent: Friday, June 23, 2017 1:06 AM
To: Stein, Lisa (OFA)
Cc: Whitfield, Tobias P. (MOF); Tan, William (OFA)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc

Hi Lisa,

Thanks very much for your draft.

Please find attached our comments and changes (including simplifying the comments). For your reference, I've also done a pure blackline comparison against your last version.

We've accepted a lot of your changes and highlight the following remaining issues and changes:

- "Subsidiaries" - we would like to include all references to subsidiaries, as it was deliberately included in the other 2010 IESO-OEFC Credit Facility. We've also included the definition of "Material Subsidiary", which should have been included, as it was in the 2010 Credit Facility

- (ACTION REQUIRED - TOBY) Section 2.2 – Changes accepted, however, Toby to confirm Reg. 280/14 reference? Also, IESO to confirm reference to "short to medium" term.

- (ACTION/DECISION REQUIRED -LISA) Section 3.3 – Does this language actually need to be amended any further? It was based on the language of amending agreement #9 of the original $975m OPA-OFA Credit Facility agreement.

- Section 3.5 – Included the words “a Material Subsidiary” in respect of the MAC clause, per your suggestion

- Original Section 4.1 – Deleted section per your comment, as it is redundant. Section 4 numbering has been re-numbered along with any corresponding references in the agreement.

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Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, June 22, 2017 11:17 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Importance: High

Hi Sarah and William,

Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I’ve identified that require further drafting/consideration.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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making a copy. Thank you.
****

From: Sarah Harris
To: Tobias P. Whitfield (MOF); Lisa Stein
Cc: William Tan
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Friday, June 23, 2017 8:53:31 AM

Thank you, Toby.

Sarah

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, June 23, 2017 8:37 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: Re: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc

Thanks. I will review this in the am and get comments to you asap.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Sarah Harris
Sent: Friday, June 23, 2017 1:06 AM
To: Stein, Lisa (OFA)
Cc: Whitfield, Tobias P. (MOF); Tan, William (OFA)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc

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To:	Lisa Stein
Cc:	Tobias P. Whitfield (MOF); William Tan
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date:	Friday, June 23, 2017 1:06:02 AM
Attachments:	FHP_IESO_OPA Original Credit Agreement OFA Legal vs. Documentation Blackline.docx OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments.doc

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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [LS1]: Consistent with Directive

Commented [LS2]: Not necessary

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

Commented [LS3]: Business decision. Delete as per other comments?

Commented [WT4R3]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS5]: As per Sarah H.’s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" mean, at any time, a Subsidiary which as consolidated assets with a book value of more than $25 million determined as such time in accordance with generally accepted accounting principles.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

Commented [LS6]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT7R6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH8]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

Commented [LS9]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

Commented [WT10R9]: Please see added definition of "Material Subsidiary" above.

Commented [LS11]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Commented [LS12]: Delete as per above?

Commented [WT13R12]: We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS14]: Delete if references to "Subsidiary" deleted

Commented [LS15]: Delete if references to "Subsidiary" deleted

SH: We're keeping references to subsidiaries

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~OFHP~~Ontario Fair Hydro Plan Act, 2017.

(2) The IESO is expected to recover or repay the proceeds for each Advanceover a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS16]: Salman please update this section

Commented [LS17]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS18]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS19]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT20R19]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [LS21]: Why are there references to the Province?

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to ~~August 31~~September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall ~~be~~ not ~~later~~be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

Commented [WT22]:

Commented [WT23R22]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [LS24R23]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

Commented [LS25]: Change to defined term throughout

Commented [WT26]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS27]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [WT28]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

Commented [LS29]: Confirm with Capital Markets and be consistent with subsequent reference

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS30]: If referring to Subsidiaries in agreement, include here as well?

Commented [LS31]: If referring to Subsidiaries in agreement, include here as well?

SH: Yes, include Material susidiary

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 ~~**Payment of Advances.**~~

~~The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Commented [LS32]: Why was this changed? Appears redundant.

~~**Section 4.2**~~ **IESO will Maintain its Corporate Existence.**

Subject to Section 7.1 The IESO will at all times maintain its corporate existence.

Commented [LS33]: Deleted s. 7.1 as n/a in this context

Section 4.3~~2~~ Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3~~2~~ shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [WT34R33]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. “Past practice has been to included this language even if not relevant at the present time’. Our preference is to keep this.

Commented [LS35]: Keep?

Section 4.4~~3~~ Insurance.

Commented [LS36]: Keep?

SH: To discuss futher with Lisa.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for

mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

~~(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;~~

Commented [LS37]: Should we include a timeline? E/g within X business days of request?

Commented [SH38R37]: No specific timeline required, but should be done "promptly"

Commented [LS39]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS40]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [SH41R40]: Next section (c) deleted, since original 4.1 also deleted as being redundant. Failure to pay now strictly addressed under 5.1(b)

Commented [WT42]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS43R42]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

~~(d)~~ (c) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(~~e~~d) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~g~~f) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such

proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the

OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.

Commented [LS44]: N/A in context of IESO

Commented [WT45R44]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232

Commented [LS46]: Change numbering throughout and references if applicable

Commented [LS47]: Change numbering throughout and references if applicable

Commented [SH48R47]: Keep 'as is' since keeping Article 7.

Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS49]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

~~(a) [Identify Advance in question]~~
(a) The date of the proposed election, being a Business Day is _____;

Commented [WT50]: Confirmed with Carlos that he prefers the previous wording.

(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS51]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" mean, at any time, a Subsidiary which as consolidated assets with a book value of more than $25 million determined as such time in accordance with generally accepted accounting principles.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

Commented [LS3]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT4R3]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH5]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

Commented [LS6]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

Commented [WT7R6]: Please see added definition of "Material Subsidiary" above.

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

Commented [LS8]: Delete as per above?

Commented [WT9R8]: We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS10]: Delete if references to "Subsidiary" deleted

SH: We're keeping references to subsidiaries

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

(2) The IESO is expected to recover or repay the proceeds for each Advanceover a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS11]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS12]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS13]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT14R13]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT17]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS18]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [WT19]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS20]: If referring to Subsidiaries in agreement, include here as well?

SH: Yes, include Material susidiary

ARTICLE 4
COVENANTS OF THE IESO

~~**Section 4.1 Payment of Advances.**~~

~~The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Commented [LS21]: Why was this changed? Appears redundant.

Commented [WT22R21]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Section 4.21 IESO will Maintain its Corporate Existence.

Subject to Section 7.1 The IESO will at all times maintain its corporate existence.

Commented [LS23]: Deleted s. 7.1 as n/a in this context

Commented [WT24R23]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Section 4.32 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.32 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [LS25]: Keep?

SH: To discuss futher with Lisa.

Section 4.43 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Commented [LS26]: Should we include a timeline? E/g within X business days of request?

Commented [SH27R26]: No specific timeline required, but should be done "promptly"

Section 4.~~9~~8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~.~~;

Commented [LS28]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [SH29R28]: Next section (c) deleted, since original 4.1 also deleted as being redundant. Failure to pay now strictly addressed under 5.1(b)

~~(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;~~

(~~d~~c) ~~———~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(d~~e~~) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(f~~g~~) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Commented [LS30]: N/A in context of IESO

Commented [WT31R30]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

Section 7.1 Certain Requirements in Respect of Merger, etc.

The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.

ARTICLE 8
GENERAL

Commented [LS32]: Change numbering throughout and references if applicable

Commented [SH33R32]: Keep 'as is' since keeping Article 7.

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS34]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT35]: Confirmed with Carlos that he prefers the previous wording.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Lisa Stein
Cc:	Tobias P. Whitfield (MOF); William Tan
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date:	Friday, June 23, 2017 1:06:02 AM
Attachments:	FHP_IESO_OPA Original Credit Agreement OFA Legal vs. Documentation Blackline.docx OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments.doc

Hi Lisa,

Thanks very much for your draft.

Please find attached our comments and changes (including simplifying the comments). For your reference, I've also done a pure blackline comparison against your last version.

We've accepted a lot of your changes and highlight the following remaining issues and changes:

- **"Subsidiaries**" - we would like to include all references to subsidiaries, as it was deliberately included in the other 2010 IESO-OEFC Credit Facility. We've also included the definition of "**Material Subsidiary**", which should have been included, as it was in the 2010 Credit Facility
- **(ACTION REQUIRED - TOBY) Section 2.2** – Changes accepted, however, Toby to confirm Reg. 280/14 reference? Also, IESO to confirm reference to "short to medium" term.
- **(ACTION/DECISION REQUIRED -LISA) Section 3.3** – Does this language actually need to be amended any further? It was based on the language of amending agreement #9 of the original $975m OPA-OFA Credit Facility agreement.
- **Section 3.5** – Included the words "a Material Subsidiary" in respect of the MAC clause, per your suggestion
- **Original Section 4.1** – Deleted section per your comment, as it is redundant. Section 4 numbering has been re-numbered along with any corresponding references in the agreement.
- **"New" Section 4.1** – Keep reference to 7.1, as we prefer to keep this reference, which was also in 2010 IESO-OEFC Credit Facility
- **(DECISION REQUIRED – LISA/SARAH) Newly renumbered Section 4.2** – Maintenance of Properties – Would like to discuss with you directly, as this is a little ambiguous role of OFA vs. Province.
- **Newly renumbered Section 4.7** – Have included timeframe as "promptly", per you suggestion of a timeframe
- **Original Section 5.1(c**) – deleted section as was redundant and referenced the now deleted original section 4.1 (per above). As a result of deletion, references (d), (e), (f), (g), and (h) under section 5.1 have been renumbered
- **Section 7.1** –We would like to include section, as it was included in 2010 OEFC-IESO credit facility. Corresponding reference in Section 4.1 should be kept.

I note below that you requested that we do another Documentation/OFA Legal turn before review by LSB, but given the urgent timeframe, and the very few remaining material issues, I thought it prudent to let Toby view what is a relatively final form in substance, so he can flag any major issues from an FHP perspective. Since the agreement must be executed by end of next week and IESO has not yet seen the draft, I am hoping we can strive to get this to IESO by end of day (Friday) to allow sufficient time for IESO to review and provide comments on the draft ASAP early next week..

Thanks,

Sarah

From: Lisa Stein

Sent: Thursday, June 22, 2017 11:17 AM
To: Sarah Harris ; William Tan
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Importance: High

Hi Sarah and William,

Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I've identified that require further drafting/consideration.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

Commented [LS1]: Consistent with Directive

Commented [LS2]: Not necessary

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

Commented [LS3]: Business decision. Delete as per other comments?

Commented [WT4R3]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS5]: As per Sarah H.’s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" mean, at any time, a Subsidiary which as consolidated assets with a book value of more than $25 million determined as such time in accordance with generally accepted accounting principles.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

Commented [LS6]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT7R6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH8]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

Commented [LS9]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

Commented [WT10R9]: Please see added definition of "Material Subsidiary" above.

Commented [LS11]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Commented [LS12]: Delete as per above?

Commented [WT13R12]: We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS14]: Delete if references to "Subsidiary" deleted

Commented [LS15]: Delete if references to "Subsidiary" deleted

SH: We're keeping references to subsidiaries

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~OFHP~~Ontario Fair Hydro Plan Act, 2017.

(2) The IESO is expected to recover or repay the proceeds for each Advanceover a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS16]: Salman please update this section

Commented [LS17]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS18]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS19]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT20R19]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [LS21]: Why are there references to the Province?

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to ~~August 31~~September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall ~~be~~ not ~~later~~be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

Commented [WT22]:

Commented [WT23R22]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [LS24R23]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

Commented [LS25]: Change to defined term throughout

Commented [WT26]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS27]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [WT28]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

Commented [LS29]: Confirm with Capital Markets and be consistent with subsequent reference

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS30]: If referring to Subsidiaries in agreement, include here as well?

Commented [LS31]: If referring to Subsidiaries in agreement, include here as well?

SH: Yes, include Material susidiary

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 ~~**Payment of Advances.**~~

~~The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Commented [LS32]: Why was this changed? Appears redundant.

~~**Section 4.2**~~ **IESO will Maintain its Corporate Existence.**

Subject to Section 7.1 The IESO will at all times maintain its corporate existence.

Commented [LS33]: Deleted s. 7.1 as n/a in this context

Section 4.3~~2~~ Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3~~2~~ shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [WT34R33]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. “Past practice has been to included this language even if not relevant at the present time’. Our preference is to keep this.

Commented [LS35]: Keep?

Section 4.4~~3~~ Insurance.

Commented [LS36]: Keep?

SH: To discuss futher with Lisa.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for

mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

~~(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;~~

Commented [LS37]: Should we include a timeline? E/g within X business days of request?

Commented [SH38R37]: No specific timeline required, but should be done "promptly"

Commented [LS39]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS40]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [SH41R40]: Next section (c) deleted, since original 4.1 also deleted as being redundant. Failure to pay now strictly addressed under 5.1(b)

Commented [WT42]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS43R42]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

~~(d)~~ (c) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(~~e~~d) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~g~~f) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such

proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the

OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.

Commented [LS44]: N/A in context of IESO

Commented [WT45R44]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232

Commented [LS46]: Change numbering throughout and references if applicable

Commented [LS47]: Change numbering throughout and references if applicable

Commented [SH48R47]: Keep 'as is' since keeping Article 7.

Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS49]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

~~(a) [Identify Advance in question]~~
(a) The date of the proposed election, being a Business Day is _____;

Commented [WT50]: Confirmed with Carlos that he prefers the previous wording.

(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS51]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" mean, at any time, a Subsidiary which as consolidated assets with a book value of more than $25 million determined as such time in accordance with generally accepted accounting principles.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

Commented [LS3]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT4R3]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH5]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

Commented [LS6]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

Commented [WT7R6]: Please see added definition of "Material Subsidiary" above.

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

Commented [LS8]: Delete as per above?

Commented [WT9R8]: We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS10]: Delete if references to "Subsidiary" deleted

SH: We're keeping references to subsidiaries

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

(2) The IESO is expected to recover or repay the proceeds for each Advanceover a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS11]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS12]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS13]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT14R13]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT17]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS18]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [WT19]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS20]: If referring to Subsidiaries in agreement, include here as well?

SH: Yes, include Material susidiary

ARTICLE 4
COVENANTS OF THE IESO

~~**Section 4.1 Payment of Advances.**~~

~~The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Commented [LS21]: Why was this changed? Appears redundant.

Commented [WT22R21]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Section 4.21 IESO will Maintain its Corporate Existence.

Subject to Section 7.1 The IESO will at all times maintain its corporate existence.

Commented [LS23]: Deleted s. 7.1 as n/a in this context

Commented [WT24R23]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Section 4.32 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.32 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [LS25]: Keep?

SH: To discuss futher with Lisa.

Section 4.43 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Commented [LS26]: Should we include a timeline? E/g within X business days of request?

Commented [SH27R26]: No specific timeline required, but should be done "promptly"

Section 4.~~9~~8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~.~~;

Commented [LS28]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [SH29R28]: Next section (c) deleted, since original 4.1 also deleted as being redundant. Failure to pay now strictly addressed under 5.1(b)

~~(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;~~

(~~d~~c) ~~———~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(d~~e~~) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(f~~g~~) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Commented [LS30]: N/A in context of IESO

Commented [WT31R30]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

Section 7.1 Certain Requirements in Respect of Merger, etc.

The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.

ARTICLE 8
GENERAL

Commented [LS32]: Change numbering throughout and references if applicable

Commented [SH33R32]: Keep 'as is' since keeping Article 7.

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS34]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT35]: Confirmed with Carlos that he prefers the previous wording.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: William Tan
To: Sarah Harris
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Thursday, June 22, 2017 1:55:41 PM

Hi Sarah,
Alright, I'll do that.

From: Sarah Harris
Sent: Thursday, June 22, 2017 1:54 PM
To: William Tan
Subject: Re: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
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Sent from my iPhone

On Jun 22, 2017, at 12:50 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hi Sarah,
> Please find the attached printed version which includes Lisa's comments.
>
> **From:** Sarah Harris
> **Sent:** Thursday, June 22, 2017 12:22 PM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Subject:** Fwd: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
> Hi Will,
> Can you please print Lisa's marked up version to .pdf and send it too me. I can't see her comments in her version on my iPhone Iphone.
> Thanks
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> > **Date:** June 22, 2017 at 11:17:03 AM EDT
> > **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>, William Tan <William.Tan@ofina.on.ca>
> > **Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc**
> >
> > Hi Sarah and William,
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> > Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

<20170622125846482.pdf>

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****

<20170622125846482.pdf>

From: William Tan
To: Sarah Harris
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Thursday, June 22, 2017 12:50:26 PM
Attachments: 20170622125846482.pdf

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Sent: Thursday, June 22, 2017 12:22 PM
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Subject: Fwd: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
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> **Date:** June 22, 2017 at 11:17:03 AM EDT
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>, William Tan <William.Tan@ofina.on.ca>
> **Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc**
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> ***Lisa N. Stein***
> Legal Counsel
> Ontario Financing Authority
> 416-325-2320
> **********
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> **********

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

a~~A~~s Lender

~~SHORT TERM~~
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a~~s~~ statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties") (~~the "OFA"~~)(as Lender)

RECITALS:

WHEREAS t~~T~~he IESO has requested a ~~short term~~ revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of ~~its funding from the OFA to~~ supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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Commented [LS1]: Consistent with Directive

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Commented [LS2]: Not necessary

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$"** means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

Commented [LS3]: Business decision. Delete as per other comments?

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

Commented [LS4]: As per Sarah H.'s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Note"** means the notes of IESO issued under this Agreement.~~

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such ~~Material~~ Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [LS6]: I don't think this is necessary. Otherwise there are already references to "Credit Facility" throughout. There are also references to "Grid Note" in Schedule 3.

Commented [LS7]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short-Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

Commented [LS8]: As per Sarah's comments, change to Credit Facility throughout. Use of proceeds to discuss short- to medium term.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

Commented [LS9]: Delete as per above?

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [LS10]: Delete if references to "Subsidiary" deleted

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

~~(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,~~

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the OFHP.

(2) ~~With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, T~~the IESO is expected to recover or repay ~~such~~ the proceeds for each Advances ~~over~~ a period of no more than 12 months from the date of ~~the such~~ Advance."

Section 2.3 ~~Commitment and~~ Credit Facility Limit~~s~~.

The Advances Outstanding ~~to the IESO under the Short-Term Credit Facility~~ outstanding shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no ~~re~~payment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

Commented [LS11]: Salman please update this section

Commented [WT12]: Salman and Lisa, please comment if this regulation still applies?

Commented [LS13R12]: No. See below

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Commented [LS14]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [WT15]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Commented [LS16]: As per internal e-mail chain. IESO to confirm - Short to medium?

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Commented [LS17]: As noted earlier, change to "Credit Facility" throughout

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS18]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province~~ OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province~~ OFA

Commented [LS19]: Why are there references to the Province?

hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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Commented [WT20]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Commented [LS21R20]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

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Commented [LS22]: Change to defined term throughout

Commented [LS23]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The ~~Note~~ Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~OFA's~~ Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

Commented [LS24]: Confirm with Capital Markets and be consistent with subsequent reference

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~IESO~~ Grid Note ~~promissory note~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

Commented [LS25]: If referring to Subsidiaries in agreement, include here as well?

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

Commented [LS26]: Why was this changed? Appears redundant.

The IESO will duly and punctually pay ~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and~~ all ~~other~~ amounts owing under this Agreement in accordance with the terms ~~and~~ and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1,~~ The IESO will at all times maintain its corporate existence.

Commented [LS27]: Deleted s. 7.1 as n/a in this context

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [LS28]: Keep?

Formatted: Indent: First line: 0.5"

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~OFA's~~ Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may ~~require~~ request from time to time.

Commented [LS29]: Should we include a timeline? E/g within X business days of request?

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any ~~Loan~~ Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the ~~principal amount of~~ any ~~Advance~~ Advance when it becomes due and payable, if such failure continues ~~and all interest accrued thereon on the applicable Repayment Date~~ for a period of 3 Bbusiness Ddays; ~~and any other amounts owing under this Agreement when due;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement,

Commented [LS30]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [WT31]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS32R31]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and

capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
~~CONSOLIDATION, AMALGAMATION, MERGER OF IESO~~

Commented [LS33]: N/A in context of IESO

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.~~

ARTICLE 8
GENERAL

Commented [LS34]: Change numbering throughout and references if applicable

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director -- Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this ~~Amending~~ Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____ ~~Name:~~

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS35]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) [Identify Advance in question] ~~The date of the proposed election, being a Business Day is _____;~~
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "~~Company~~IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS36]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

~~Line of~~ Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: William Tan
To: Sarah Harris
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Thursday, June 22, 2017 12:50:26 PM
Attachments: 20170622125846482.pdf

Hi Sarah,
Please find the attached printed version which includes Lisa's comments.

From: Sarah Harris
Sent: Thursday, June 22, 2017 12:22 PM
To: William Tan
Subject: Fwd: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Hi Will,
Can you please print Lisa's marked up version to .pdf and send it too me. I can't see her comments in her version on my iPhone Iphone.
Thanks
Sent from my iPhone

Begin forwarded message:

> **From:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Date:** June 22, 2017 at 11:17:03 AM EDT
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>, William Tan <William.Tan@ofina.on.ca>
> **Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc**
>
> Hi Sarah and William,
> Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I've identified that require further drafting/consideration.
> Thank you,
> Lisa
> ***Lisa N. Stein***
> Legal Counsel
> Ontario Financing Authority
> 416-325-2320
> **********
> This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
> **********

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

a~~A~~s Lender

~~SHORT TERM~~
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a~~s~~ statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties") (~~the "OFA"~~)(as Lender)

RECITALS:

WHEREAS t~~T~~he IESO has requested a ~~short term~~ revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of ~~its funding from the OFA to~~ supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$"** means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

Commented [LS3]: Business decision. Delete as per other comments?

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

Commented [LS4]: As per Sarah H.'s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Note"** means the notes of IESO issued under this Agreement.~~

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such ~~Material~~ Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [LS6]: I don't think this is necessary. Otherwise there are already references to "Credit Facility" throughout. There are also references to "Grid Note" in Schedule 3.

Commented [LS7]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short-Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

Commented [LS8]: As per Sarah's comments, change to Credit Facility throughout. Use of proceeds to discuss short- to medium term.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

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(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [LS10]: Delete if references to "Subsidiary" deleted

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

~~(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,~~

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the OFHP.

(2) ~~With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, T~~the IESO is expected to recover or repay ~~such~~ the proceeds for each Advances ~~over~~ a period of no more than 12 months from the date of ~~the such~~ Advance."

Section 2.3 ~~Commitment and~~ Credit Facility Limit~~s~~.

The Advances Outstanding ~~to the IESO under the Short-Term Credit Facility~~ outstanding shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no ~~re~~payment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

Commented [LS11]: Salman please update this section

Commented [WT12]: Salman and Lisa, please comment if this regulation still applies?

Commented [LS13R12]: No. See below

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Commented [LS14]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [WT15]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Commented [LS16]: As per internal e-mail chain. IESO to confirm - Short to medium?

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(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS18]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province~~ OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province~~ OFA

Commented [LS19]: Why are there references to the Province?

hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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Commented [WT20]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Commented [LS21R20]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

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Commented [LS22]: Change to defined term throughout

Commented [LS23]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The ~~Note~~ Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~OFA's~~ Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

Commented [LS24]: Confirm with Capital Markets and be consistent with subsequent reference

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~IESO~~ Grid Note ~~promissory note~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

Commented [LS25]: If referring to Subsidiaries in agreement, include here as well?

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

Commented [LS26]: Why was this changed? Appears redundant.

The IESO will duly and punctually pay ~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and~~ all ~~other~~ amounts owing under this Agreement in accordance with the terms ~~and~~ and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1,~~ The IESO will at all times maintain its corporate existence.

Commented [LS27]: Deleted s. 7.1 as n/a in this context

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~OFA's~~ Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may ~~require~~ request from time to time.

Commented [LS29]: Should we include a timeline? E/g within X business days of request?

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any ~~Loan~~ Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the ~~principal amount of~~ any ~~Advance~~ Advance when it becomes due and payable, if such failure continues ~~and all interest accrued thereon on the applicable Repayment Date~~ for a period of 3 Bbusiness Ddays; ~~and any other amounts owing under this Agreement when due;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement,

Commented [LS30]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [WT31]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS32R31]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and

capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
~~CONSOLIDATION, AMALGAMATION, MERGER OF IESO~~

Commented [LS33]: N/A in context of IESO

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.~~

ARTICLE 8
GENERAL

Commented [LS34]: Change numbering throughout and references if applicable

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director -- Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this ~~Amending~~ Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____ ~~Name:~~

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS35]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) [Identify Advance in question] ~~The date of the proposed election, being a Business Day is _____;~~
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "~~Company~~IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS36]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

~~Line of~~ Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Salman Qadir; Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:54:31 PM

Hi Salman,
Thanks so much for reviewing. I will remove the question to IESO regarding whether medium term financing should be included.
Two days processing is what is included in the current $975 million facility (in the original facility it was actually one day, but in amending agreement #9 we extended to two days). So this should be okay.
The agreement does not specify a prepayment option for IESO; is this something we should be looking to include?
Thanks,
Sarah

From: Salman Qadir
Sent: Friday, June 23, 2017 4:33 PM
To: Lisa Stein ; Sarah Harris
Cc: Bruno Amara ; John Kim ; William Tan ; Tobias P. Whitfield (MOF)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Sarah/Lisa,
I took a quick look through (for the sake of time) and made 2 minor comments. I didn't review the conditions precedent etc as they appear to be pretty standard and this agreement is similar to $975 million agreement.

- We decided to leave use of proceeds to say short-term and let IESO tell us otherwise. If we are going to ask them explicitly to confirm whether its short-term or also medium term, we should ask for them for some language on definition. The Directive says "short-term to medium-term", so we would not be offside the Directive if we continue to only say "short-term".
- Is a 2-day notice sufficient for our processing purposes? Typically, its 5 business days but maybe we can ask for 3 business day notice at the least?

One detail I may have missed but didn't see was how does IESO pay us back on the advance? Do they just EFT the funds to us based on their election notice?
Regards,
Salman
416-325-1422

From: Lisa Stein
Sent: Friday, June 23, 2017 4:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

In particular, can you please review Section 2.2 “Use of Proceeds”?
Thank you,
Lisa

From: Sarah Harris
Sent: Friday, June 23, 2017 4:02 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

As discussed, we’ve been drafting up to the 11th hour to try to get this to IESO by end of day today. We’re still putting on the final touches, but if you wouldn’t mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.
Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,
My apologies – in addition to the changes below, I noted one more change.
Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an “Election Notice”) shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.
Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,
Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).
Particularly, could please review the election notice language and comment if you think it is now

consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,

Sarah

From: Lisa Stein

Sent: Friday, June 23, 2017 12:38 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	Salman Qadir
To:	Lisa Stein; Sarah Harris
Cc:	Bruno Amara; John Kim; William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:33:27 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc

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I took a quick look through (for the sake of time) and made 2 minor comments. I didn't review the conditions precedent etc as they appear to be pretty standard and this agreement is similar to $975 million agreement.

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Salman

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Sent: Friday, June 23, 2017 4:12 PM

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Cc: Bruno Amara ; John Kim ; William Tan ; Tobias P. Whitfield (MOF)

Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

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Sent: Friday, June 23, 2017 4:02 PM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Subject: FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

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Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,
Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me

know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

Commented [SQ25R4]: If it is also medium term, please provide language around defining what "short-term" vs. "medium-term" would be.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

Commented [SQ26]: Is this sufficient timing on our end? Typically it is 5 business days, but maybe we can say at least 3-business days?

Commented [SH7]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [SH8]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [SH9]: Think this should just be the Advance.

~~Advance;~~ (bc~~b~~) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (cd~~c~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH10]: Deleted (b), since this is reflected in (d)

Commented [LS11]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH12R11]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

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Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS13]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH14R13]: Done

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS15]: Mof Legal to confirm relvant?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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Commented [LS16]: Change numbering throughout and references if applicable

Commented [SH17R16]: done

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

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SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~b~~) The new aggregate total amount of the proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~~~c~~) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH18]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Salman Qadir
To:	Lisa Stein; Sarah Harris
Cc:	Bruno Amara; John Kim; William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:33:27 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc

Hi Sarah/Lisa,

I took a quick look through (for the sake of time) and made 2 minor comments. I didn't review the conditions precedent etc as they appear to be pretty standard and this agreement is similar to $975 million agreement.

- We decided to leave use of proceeds to say short-term and let IESO tell us otherwise. If we are going to ask them explicitly to confirm whether its short-term or also medium term, we should ask for them for some language on definition. The Directive says "short-term to medium-term", so we would not be offside the Directive if we continue to only say "short-term".
- Is a 2-day notice sufficient for our processing purposes? Typically, its 5 business days but maybe we can ask for 3 business day notice at the least?

One detail I may have missed but didn't see was how does IESO pay us back on the advance? Do they just EFT the funds to us based on their election notice?

Regards,

Salman

416-325-1422

From: Lisa Stein

Sent: Friday, June 23, 2017 4:12 PM

To: Sarah Harris ; Salman Qadir

Cc: Bruno Amara ; John Kim ; William Tan ; Tobias P. Whitfield (MOF)

Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

In particular, can you please review Section 2.2 "Use of Proceeds"?

Thank you,

Lisa

From: Sarah Harris

Sent: Friday, June 23, 2017 4:02 PM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Subject: FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

As discussed, we've been drafting up to the 11th hour to try to get this to IESO by end of day today. We're still putting on the final touches, but if you wouldn't mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,
My apologies – in addition to the changes below, I noted one more change.
Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.
Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,
Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).
Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.
I am available at 647-278-9718 at any time.
Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,
Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me

know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

Commented [SQ25R4]: If it is also medium term, please provide language around defining what "short-term" vs. "medium-term" would be.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

Commented [SQ26]: Is this sufficient timing on our end? Typically it is 5 business days, but maybe we can say at least 3-business days?

Commented [SH7]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [SH8]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [SH9]: Think this should just be the Advance.

~~Advance;~~ (bc~~b~~) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (cd~~c~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH10]: Deleted (b), since this is reflected in (d)

Commented [LS11]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH12R11]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

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Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS13]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH14R13]: Done

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS15]: Mof Legal to confirm relvant?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

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SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~b~~) The new aggregate total amount of the proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~~~c~~) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH18]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris; Salman Qadir
Cc:	Bruno Amara; John Kim; William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:12:10 PM

Hi Salman,

In particular, can you please review Section 2.2 "Use of Proceeds"?

Thank you,

Lisa

From: Sarah Harris

Sent: Friday, June 23, 2017 4:02 PM

To: Salman Qadir

Cc: Bruno Amara ; John Kim ; Lisa Stein ; William Tan ; Tobias P. Whitfield (MOF)

Subject: FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

As discussed, we've been drafting up to the 11th hour to try to get this to IESO by end of day today. We're still putting on the final touches, but if you wouldn't mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.

Thanks,

Sarah

From: Sarah Harris

Sent: Friday, June 23, 2017 2:58 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>

Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

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Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

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Otherwise, there are no other changes from my last version.

Thanks,

Sarah

From: Sarah Harris

Sent: Friday, June 23, 2017 2:44 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>

Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

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I am available at 647-278-9718 at any time.
Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High
Hello all,
Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.
Thank you,
Lisa
Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
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Date:	Friday, June 23, 2017 4:12:10 PM

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In particular, can you please review Section 2.2 "Use of Proceeds"?

Thank you,

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Cc: Bruno Amara ; John Kim ; Lisa Stein ; William Tan ; Tobias P. Whitfield (MOF)

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Thanks,

Sarah

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Sent: Friday, June 23, 2017 2:58 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>

Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

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Sarah

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Sent: Friday, June 23, 2017 2:44 PM

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Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

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Thanks,
Sarah

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Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High
Hello all,
Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.
Thank you,
Lisa
Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
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****

To:	Lisa Stein
Cc:	William Tan
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:05:08 PM

Hi Lisa,

I will forward to Sal

From: Lisa Stein
Sent: Friday, June 23, 2017 3:54 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Sarah,

I agree with your responses to Toby (note that you require a space after the new "or"), and I agree that you should confirm Toby has no further comments re: Use of Proceeds. Have you received comments from Salman regarding this as well? I am in the process of reviewing the other draft that you sent.

Lisa

From: Sarah Harris
Sent: Friday, June 23, 2017 3:33 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

It looks like Toby only had 3 comments. I've included my answers, but would have you review as well before we respond to Toby. I think we should also confirm Toby has no further comments on the Use of Proceeds.

Thanks,
Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, June 23, 2017 2:24 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>

Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 3:57:06 PM

I agree with the deletion of the word "Continued" as noted below. I'll get back to you shortly regarding the rest of the amendments.

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein
Cc: William Tan ; Tobias P. Whitfield (MOF)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

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Thanks,

Sarah

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Thanks,

Sarah

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Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-

rev.doc

Importance: High

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Thank you,

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From:	Salman Qadir
To:	Sarah Harris; Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 5:00:00 PM

Thanks Sarah.
Just sending this email to follow-up on our conversation. I was referring to the mechanism as to how IESO pays back their advances, which has been pointed out to me is section 2.6.2. So all is good.
Regards,
Salman

From: Sarah Harris
Sent: Friday, June 23, 2017 4:55 PM
To: Salman Qadir ; Lisa Stein
Cc: Bruno Amara ; John Kim ; William Tan ; Tobias P. Whitfield (MOF)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,
Thanks so much for reviewing. I will remove the question to IESO regarding whether medium term financing should be included.
Two days processing is what is included in the current $975 million facility (in the original facility it was actually one day, but in amending agreement #9 we extended to two days). So this should be okay.
The agreement does not specify a prepayment option for IESO; is this something we should be looking to include?
Thanks,
Sarah

From: Salman Qadir
Sent: Friday, June 23, 2017 4:33 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Sarah/Lisa,
I took a quick look through (for the sake of time) and made 2 minor comments. I didn't review the conditions precedent etc as they appear to be pretty standard and this agreement is similar to $975 million agreement.

- We decided to leave use of proceeds to say short-term and let IESO tell us otherwise. If we are going to ask them explicitly to confirm whether its short-term or also medium term, we should ask for them for some language on definition. The Directive says "short-term to medium-term", so we would not be offside the Directive if we continue to only say "short-term".
- Is a 2-day notice sufficient for our processing purposes? Typically, its 5 business days but maybe we can ask for 3 business day notice at the least?

One detail I may have missed but didn't see was how does IESO pay us back on the advance? Do

they just EFT the funds to us based on their election notice?
Regards,
Salman
416-325-1422

From: Lisa Stein
Sent: Friday, June 23, 2017 4:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

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Thank you,
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To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Thank you,

Lisa

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Legal Counsel
Ontario Financing Authority
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****

From: Sarah Harris
To: Opal Kandelas
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, June 06, 2017 3:14:37 PM

☺ I'm positively sure you would effect an eye roll. All good here. I'm still smiley and happy.

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 3:06 PM
To: Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks. "eye roll" eh? sounds like I'm having a less than positive effect on you!

From: Sarah Harris
Sent: Tuesday, June 06, 2017 3:03 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi Opal,

Here is the final OIC package for your enjoyment and perusal (insert eye roll here).

Thanks,

Sarah

From: Gavin He
Sent: Friday, June 02, 2017 3:27 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick,

Please find attached the final version of the draft package. We will bring this over for your signature on the OIC once ready.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Thursday, June 01, 2017 5:25 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538

F: 416-325-1460

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From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

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Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.

Thanks,

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Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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Thanks

Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

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From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

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To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
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Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
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Ministry of Finance, Legal Services Branch
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Cc:	John Kim; Salman Qadir; Bruno Amara; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Thursday, June 01, 2017 5:25:12 PM
Attachments:	LRC Approval Form (MOF Legal Comments).docx CEO to DM (MOF Legal).docx DM to Minister (MOF Legal).docx CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx

---

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LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by ~~[~~December 31, 2047~~]~~.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA ~~under which~~, and in turn ~~-~~the OFA has provided loans and credit facilities to colleges, school boards and other public bodies ~~agencies~~ such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the ~~overall~~authority of the Minister of Finance ~~lending authority~~ to lend to the OFA ~~to allow~~ which will provide the OFA with the capacity to provide loans ~~under credit facilities requested by~~to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017*~~, under anticipated and potential timing differences~~ as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under ~~upon the enactment of~~ the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the

Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the ~~ on-going~~ *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. At certain times Global Adjustment amounts ~~initially~~ collected from ratepayers will~~, therefore,~~ be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* ~~allows~~gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to finance that ~~asset~~deferral.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC ~~authorization be for~~authorize the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.05 ~~5~~ billion.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister ~~will be required that will~~may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. At certain times, Global Adjustment amounts ~~initially~~ collected from ratepayers will ~~, therefore,~~ be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives~~allows~~ the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to finance that deferral~~that asset~~. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

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As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Corporate and Electricity Finance Division
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

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Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

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Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. At certain times, Global Adjustment amounts ~~initially~~ collected from ratepayers will~~, therefore,~~ be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives~~allows~~ the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to finance that deferral ~~that asset~~. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Gavin He
To:	Patrick Rundans (MOF); Sarah Harris
Cc:	John Kim; Salman Qadir; Bruno Amara
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Wednesday, May 31, 2017 5:33:20 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm_v2.doc

Hi all,

Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.

Thanks,

Gavin He

From: Bruno Amara
Sent: Wednesday, May 31, 2017 5:23 PM
To: Patrick Rundans (MOF) ; Sarah Harris ; Salman Qadir
Cc: Gavin He ; John Kim
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,

As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.

Thanks

Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

Hope your day is going well!

Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris

<Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO
I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno
Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
Will do Salman.
Patrick Rundans

Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460
This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047].

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA under which the OFA has provided loans and credit facilities to colleges, school boards and other public agencies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the overall Minister of Finance lending authority to the OFA to allow the OFA to provide loans under credit facilities requested by the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017*, under anticipated and potential timing differences in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure borrowing authority for the OFA is available to provide the IESO its requested financing arrangements upon the enactment of the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to

the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any

time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorization be for $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.5 billion.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

From:	Gavin He
To:	Patrick Rundans (MOF); Sarah Harris
Cc:	John Kim; Salman Qadir; Bruno Amara
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Wednesday, May 31, 2017 5:33:20 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm_v2.doc

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Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

Hope your day is going well!

Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris

<Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO
I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno
Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
Will do Salman.
Patrick Rundans

Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460
This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047].

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA under which the OFA has provided loans and credit facilities to colleges, school boards and other public agencies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the overall Minister of Finance lending authority to the OFA to allow the OFA to provide loans under credit facilities requested by the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017*, under anticipated and potential timing differences in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure borrowing authority for the OFA is available to provide the IESO its requested financing arrangements upon the enactment of the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to

the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any

time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorization be for $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.5 billion.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

From: Bruno Amara
To: Patrick Rundans (MOF)
Cc: Sarah Harris; John Kim; Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Wednesday, May 31, 2017 10:56:10 AM
Attachments: 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm.doc
2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc
3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc
4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE.docx

Hi Patrick

Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir
Cc: Sarah Harris ; Bruno Amara ; John Kim
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

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LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

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Key Stakeholder Interest: Very high
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New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047].

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- Existing OICs authorize the Minister of Finance to provide loans to the OFA under which the OFA has provided loans and credit facilities to colleges, school boards and other public agencies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to expand the overall Minister of Finance lending authority to the OFA to allow the OFA to provide loans under credit facilities requested by the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the proposed Fair Hydro Act, 2017, under anticipated and potential timing differences in the implementation of the proposed Fair Hydro Plan.
    - The timing of this OIC is critical to ensure borrowing authority for the OFA is available to provide the IESO its requested financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to

the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset.
    - It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

- However, there is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any

time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.
  It is proposed that the OIC authorization be for $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.5 billion.
  - The OFA currently provides a credit facility to the IESO of $975 million.
  - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- As announced on March 2, 2017, and highlighted as a commitment in Budget 2017, the Province intends to implement the *Ontario Fair Hydro Plan Act, 2017,* which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the proposed *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the proposed *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the proposed *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Corporate and Electricity Finance Division
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047];

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Bruno Amara
To: Patrick Rundans (MOF)
Cc: Sarah Harris; John Kim; Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Wednesday, May 31, 2017 10:56:10 AM
Attachments: 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm.doc
2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc
3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc
4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE.docx

Hi Patrick

Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir
Cc: Sarah Harris ; Bruno Amara ; John Kim
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047].

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA under which the OFA has provided loans and credit facilities to colleges, school boards and other public agencies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to expand the overall Minister of Finance lending authority to the OFA to allow the OFA to provide loans under credit facilities requested by the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the proposed Fair Hydro Act, 2017, under anticipated and potential timing differences in the implementation of the proposed Fair Hydro Plan.
    - The timing of this OIC is critical to ensure borrowing authority for the OFA is available to provide the IESO its requested financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to

the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset.
    - It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

- However, there is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any

time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.
  It is proposed that the OIC authorization be for $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.5 billion.
  - The OFA currently provides a credit facility to the IESO of $975 million.
  - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- As announced on March 2, 2017, and highlighted as a commitment in Budget 2017, the Province intends to implement the *Ontario Fair Hydro Plan Act, 2017,* which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the proposed *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the proposed *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the proposed *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Corporate and Electricity Finance Division
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell that asset. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust). The cash received would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by [December 31, 2047];

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Opal Kandelas
To:	Sarah Harris
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Tuesday, May 30, 2017 8:17:23 PM

What a surprise!

From: Sarah Harris
Sent: Tuesday, May 30, 2017 7:54 PM
To: Opal Kandelas
Subject: Fwd: OIC s22 CIPA - OFA-IESO

OIC is now $2 billion.

Begin forwarded message:

> **From:** Salman Qadir <Salman.Qadir@ofina.on.ca>
> **Date:** May 30, 2017 at 5:35:58 PM EDT
> **To:** "Patrick Rundans (MOF)" <Patrick.Rundans@ontario.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>, Bruno Amara <Bruno.Amara@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>
> **Subject: OIC s22 CIPA - OFA-IESO**
>
> Hi Patrick,
> As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.
> I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.
> Let us know.
> Thank you,
> Salman

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> **Subject: OIC s22 CIPA - OFA-IESO**
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> Let us know.
> Thank you,
> Salman

From: Rundans, Patrick (MOF)
To: Salman Qadir
Cc: Sarah Harris; Bruno Amara; John Kim
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 5:51:10 PM

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

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Let us know.

Thank you,

Salman

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From: Rundans, Patrick (MOF)
To: Salman Qadir
Cc: Sarah Harris; Bruno Amara; John Kim
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 5:51:10 PM

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Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

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Let us know.

Thank you,

Salman

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From: Sarah Harris
To: Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 1:40:14 PM

Salman,
I agree. Let me give you a call in a few minutes. For the OIC, one independent box I think you should just check with OFA Legal is in relation to the by-law referenced in the recital for the OIC:
AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may **only be exercised under the authority of a by-law that has been approved by the Minister of Finance**;
I think it's worth checking with Sarah Neville that we do have an existing by-law which covers this new OIC. If not, this will need to be drafted ASAP. The board meets in mid June as far as I understand.
Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 1:20 PM
To: Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
Its just an illusion.
Speaking of which, I am now starting on the directive package. We should probably start with drafting the credit agreement as well… maybe we can discuss when you have a moment. I'd like to get OFA legal engaged for the directive and agreement. It may help to still engage MOF legal for the agreement itself as they are likely more aware of the intricacies of FHP etc. Thoughts?
I will be out of the office tomorrow and Thursday (have a course) – maybe we can chat Friday if you're around?
Thanks again,
Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 12:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
☺ Very cool. You're on top of it.
Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:40 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
MOF legal has signed off already ☺. We're expecting to get the package back from them. Ron is already reviewing the electronic version of the package, so ADMO will coordinate with Gadi's office. Our usual process is that MOF legal signs first before going to Ron/Gadi – or at least ensure MOF legal is satisfied with package. So we followed the same process this time around for this.
Thanks again for all your help so far. Time crunch but it should get done, fingers crossed.
Salman

From: Sarah Harris

Sent: Tuesday, May 30, 2017 12:37 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

No worries. You'll need definitely need Ron and Gadi to sign before it is delivered to Patrick today, so if you haven't had the chance to touch base with Anna Strathy for Gadi to sign, I suggest calling her to give the head's up as soon as you can. Gadi is often in and out and you'll definitely want to pin him down.

Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Sarah. I always overlook that and didn't get around to scanning blue sheet (it is yet to be signed by Ron and Gadi though). I'll definitely scan it before it goes to DMO.

Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 12:30 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman,

One quick suggestion, if you haven't done so already. Consider scanning the entire package including the signed off blue sheet prior to sending it to Legal, and the memo signed by Gadi. It's helpful to have on hand when there are questions, and good to have on record.

Thanks,

Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:24 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Sounds good. Thank you. I'll send him by shortly.

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 12:17 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman – the package is ready for pick-up. Can you send your co-op student to pick it up?

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 11:05 AM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Patrick. I've updated the package.

FYI. Cole Le, our co-op, is coming by with the package. I can have it picked up later in the afternoon once its signed.

Sarah: Please let me know if anything comes back from Linda – I don't think there will be an issue but hoping if there is any, its flagged.

Thank you,

Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Tuesday, May 30, 2017 10:22 AM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: RE: OIC s22 CIPA - OFA-IESO

I made a small change to the first paragraph to reflect the changes in the CEO to DM memo.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 10:00 AM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Sarah.

C(ii) would apply to this situation and the rate is determined by the Minister of Finance – hopefully its not an issue.

Attached is the latest package. I'm told I have to get it over to MOF legal for sign off before Ron/Gadi sign off today.

Patrick – I can have a co-op student drop it off in the next hour if you're around (or leave it at reception) (as soon as we hear back from Sarah re: below) – would you be able to get sign off by early afternoon?

Thanks,

Salman

From: Sarah Harris

Sent: Tuesday, May 30, 2017 9:50 AM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>

Subject: RE: OIC s22 CIPA - OFA-IESO

Salman and Patrick,

I just realized, as a matter of prudence, the rates in sections (c)(i) and (c)(ii) of the OIC should be

checked with the trading floor (Linda or Mike). I know they are essentially the same as the existing 1997 and 1999 OFA OICs. I don't expect any difference, but in particular, I just want to ensure the 90 day t-bill rate under (c)(i) is still the appropriate. Frankly, I'm not familiar with a practical circumstance (c)(i) would apply to. I know time is tight, so I've already e-mailed Linda and will let you know.
Sarah

From: Salman Qadir
Sent: Monday, May 29, 2017 2:43 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick/Sarah,
Thanks for all your comments. I've incorporated all the changes. I do want to note that the Act is called Ontario Fair Hydro Plan Act, 2017, so I've made those updates to the note.
We have not received Energy's Cabinet note but will continue to see if they can provide. Our understanding is that it is the regulations that are tracking but will double check again.
I will aim to get the package to MOF legal later today, if not, by first thing tomorrow morning.
See attached latest version.
Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,
The MOF Legal comments on the LRC note and draft memos are attached for your review. Also attached is an updated draft of the OIC to include the amount and repayment date.
Please let us know if you have any questions.
Thanks,
Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM

To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

Salman

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From: Opal Kandelas
To: Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, June 06, 2017 3:05:58 PM

Thanks. “eye roll” eh? sounds like I’m having a less than positive effect on you!

From: Sarah Harris
Sent: Tuesday, June 06, 2017 3:03 PM
To: Opal Kandelas
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi Opal,

Here is the final OIC package for your enjoyment and perusal (insert eye roll here).

Thanks,

Sarah

From: Gavin He
Sent: Friday, June 02, 2017 3:27 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick,

Please find attached the final version of the draft package. We will bring this over for your signature on the OIC once ready.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Thursday, June 01, 2017 5:25 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Gavin He [mailto:Gavin.He@ofina.on.ca]

Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi all,

Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.

Thanks,

Gavin He

From: Bruno Amara
Sent: Wednesday, May 31, 2017 5:23 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,

As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.

Thanks

Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

Hope your day is going well!

Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: Re: OIC s22 CIPA - OFA-IESO

I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick

Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.

Thanks

Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick

Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel

Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460
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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

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From: Sarah Harris
To: Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 1:40:14 PM

Salman,
I agree. Let me give you a call in a few minutes. For the OIC, one independent box I think you should just check with OFA Legal is in relation to the by-law referenced in the recital for the OIC:
AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may **only be exercised under the authority of a by-law that has been approved by the Minister of Finance**;
I think it's worth checking with Sarah Neville that we do have an existing by-law which covers this new OIC. If not, this will need to be drafted ASAP. The board meets in mid June as far as I understand.
Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 1:20 PM
To: Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
Its just an illusion.
Speaking of which, I am now starting on the directive package. We should probably start with drafting the credit agreement as well… maybe we can discuss when you have a moment. I'd like to get OFA legal engaged for the directive and agreement. It may help to still engage MOF legal for the agreement itself as they are likely more aware of the intricacies of FHP etc. Thoughts?
I will be out of the office tomorrow and Thursday (have a course) – maybe we can chat Friday if you're around?
Thanks again,
Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 12:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
☺ Very cool. You're on top of it.
Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:40 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
MOF legal has signed off already ☺. We're expecting to get the package back from them. Ron is already reviewing the electronic version of the package, so ADMO will coordinate with Gadi's office. Our usual process is that MOF legal signs first before going to Ron/Gadi – or at least ensure MOF legal is satisfied with package. So we followed the same process this time around for this.
Thanks again for all your help so far. Time crunch but it should get done, fingers crossed.
Salman

From: Sarah Harris

Sent: Tuesday, May 30, 2017 12:37 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

No worries. You'll need definitely need Ron and Gadi to sign before it is delivered to Patrick today, so if you haven't had the chance to touch base with Anna Strathy for Gadi to sign, I suggest calling her to give the head's up as soon as you can. Gadi is often in and out and you'll definitely want to pin him down.

Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Sarah. I always overlook that and didn't get around to scanning blue sheet (it is yet to be signed by Ron and Gadi though). I'll definitely scan it before it goes to DMO.

Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 12:30 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman,

One quick suggestion, if you haven't done so already. Consider scanning the entire package including the signed off blue sheet prior to sending it to Legal, and the memo signed by Gadi. It's helpful to have on hand when there are questions, and good to have on record.

Thanks,

Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:24 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Sounds good. Thank you. I'll send him by shortly.

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 12:17 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman – the package is ready for pick-up. Can you send your co-op student to pick it up?

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 11:05 AM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Patrick. I've updated the package.

FYI. Cole Le, our co-op, is coming by with the package. I can have it picked up later in the afternoon once its signed.

Sarah: Please let me know if anything comes back from Linda – I don't think there will be an issue but hoping if there is any, its flagged.

Thank you,

Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Tuesday, May 30, 2017 10:22 AM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: RE: OIC s22 CIPA - OFA-IESO

I made a small change to the first paragraph to reflect the changes in the CEO to DM memo.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 10:00 AM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Sarah.

C(ii) would apply to this situation and the rate is determined by the Minister of Finance – hopefully its not an issue.

Attached is the latest package. I'm told I have to get it over to MOF legal for sign off before Ron/Gadi sign off today.

Patrick – I can have a co-op student drop it off in the next hour if you're around (or leave it at reception) (as soon as we hear back from Sarah re: below) – would you be able to get sign off by early afternoon?

Thanks,

Salman

From: Sarah Harris

Sent: Tuesday, May 30, 2017 9:50 AM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>

Subject: RE: OIC s22 CIPA - OFA-IESO

Salman and Patrick,

I just realized, as a matter of prudence, the rates in sections (c)(i) and (c)(ii) of the OIC should be

checked with the trading floor (Linda or Mike). I know they are essentially the same as the existing 1997 and 1999 OFA OICs. I don't expect any difference, but in particular, I just want to ensure the 90 day t-bill rate under (c)(i) is still the appropriate. Frankly, I'm not familiar with a practical circumstance (c)(i) would apply to. I know time is tight, so I've already e-mailed Linda and will let you know.
Sarah

From: Salman Qadir
Sent: Monday, May 29, 2017 2:43 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick/Sarah,
Thanks for all your comments. I've incorporated all the changes. I do want to note that the Act is called Ontario Fair Hydro Plan Act, 2017, so I've made those updates to the note.
We have not received Energy's Cabinet note but will continue to see if they can provide. Our understanding is that it is the regulations that are tracking but will double check again.
I will aim to get the package to MOF legal later today, if not, by first thing tomorrow morning.
See attached latest version.
Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,
The MOF Legal comments on the LRC note and draft memos are attached for your review. Also attached is an updated draft of the OIC to include the amount and repayment date.
Please let us know if you have any questions.
Thanks,
Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM

To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

Salman

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From: Salman Qadir
To: Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 1:19:59 PM

Its just an illusion.
Speaking of which, I am now starting on the directive package. We should probably start with drafting the credit agreement as well… maybe we can discuss when you have a moment. I'd like to get OFA legal engaged for the directive and agreement. It may help to still engage MOF legal for the agreement itself as they are likely more aware of the intricacies of FHP etc. Thoughts?
I will be out of the office tomorrow and Thursday (have a course) – maybe we can chat Friday if you're around?
Thanks again,
Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 12:41 PM
To: Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO
☺ Very cool. You're on top of it.
Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:40 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
MOF legal has signed off already ☺. We're expecting to get the package back from them. Ron is already reviewing the electronic version of the package, so ADMO will coordinate with Gadi's office. Our usual process is that MOF legal signs first before going to Ron/Gadi – or at least ensure MOF legal is satisfied with package. So we followed the same process this time around for this.
Thanks again for all your help so far. Time crunch but it should get done, fingers crossed.
Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 12:37 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
No worries. You'll need definitely need Ron and Gadi to sign before it is delivered to Patrick today, so if you haven't had the chance to touch base with Anna Strathy for Gadi to sign, I suggest calling her to give the head's up as soon as you can. Gadi is often in and out and you'll definitely want to pin him down.
Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
Thanks Sarah. I always overlook that and didn't get around to scanning blue sheet (it is yet to be signed by Ron and Gadi though). I'll definitely scan it before it goes to DMO.

Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 12:30 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman,

One quick suggestion, if you haven't done so already. Consider scanning the entire package including the signed off blue sheet prior to sending it to Legal, and the memo signed by Gadi. It's helpful to have on hand when there are questions, and good to have on record.

Thanks,

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From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:24 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Sounds good. Thank you. I'll send him by shortly.

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Sent: Tuesday, May 30, 2017 12:17 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman – the package is ready for pick-up. Can you send your co-op student to pick it up?

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 11:05 AM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Patrick. I've updated the package.

FYI. Cole Le, our co-op, is coming by with the package. I can have it picked up later in the afternoon once its signed.

Sarah: Please let me know if anything comes back from Linda – I don't think there will be an issue but hoping if there is any, its flagged.

Thank you,

Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 10:22 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

I made a small change to the first paragraph to reflect the changes in the CEO to DM memo.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 10:00 AM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Sarah.

C(ii) would apply to this situation and the rate is determined by the Minister of Finance – hopefully its not an issue.

Attached is the latest package. I'm told I have to get it over to MOF legal for sign off before Ron/Gadi sign off today.

Patrick – I can have a co-op student drop it off in the next hour if you're around (or leave it at reception) (as soon as we hear back from Sarah re: below) – would you be able to get sign off by early afternoon?

Thanks,

Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:50 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman and Patrick,

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From: Salman Qadir
Sent: Monday, May 29, 2017 2:43 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

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Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Thanks,
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Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

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From: Salman Qadir
To: Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 1:19:59 PM

Its just an illusion.
Speaking of which, I am now starting on the directive package. We should probably start with drafting the credit agreement as well… maybe we can discuss when you have a moment. I'd like to get OFA legal engaged for the directive and agreement. It may help to still engage MOF legal for the agreement itself as they are likely more aware of the intricacies of FHP etc. Thoughts?
I will be out of the office tomorrow and Thursday (have a course) – maybe we can chat Friday if you're around?
Thanks again,
Salman

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Sent: Tuesday, May 30, 2017 12:41 PM
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Subject: RE: OIC s22 CIPA - OFA-IESO
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Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
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FYI. Cole Le, our co-op, is coming by with the package. I can have it picked up later in the afternoon once its signed.

Sarah: Please let me know if anything comes back from Linda – I don't think there will be an issue but hoping if there is any, its flagged.

Thank you,

Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Tuesday, May 30, 2017 10:22 AM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: RE: OIC s22 CIPA - OFA-IESO

I made a small change to the first paragraph to reflect the changes in the CEO to DM memo.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 10:00 AM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Sarah.

C(ii) would apply to this situation and the rate is determined by the Minister of Finance – hopefully its not an issue.

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Thanks,

Salman

From: Sarah Harris

Sent: Tuesday, May 30, 2017 9:50 AM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>

Subject: RE: OIC s22 CIPA - OFA-IESO

Salman and Patrick,

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Sarah

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Sent: Monday, May 29, 2017 2:43 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

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See attached latest version.

Salman

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Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,

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Thanks,

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM

To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

Salman

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From: Sarah Harris
To: Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 12:37:28 PM

No worries. You'll need definitely need Ron and Gadi to sign before it is delivered to Patrick today, so if you haven't had the chance to touch base with Anna Strathy for Gadi to sign, I suggest calling her to give the head's up as soon as you can. Gadi is often in and out and you'll definitely want to pin him down.
Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:32 PM
To: Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
Thanks Sarah. I always overlook that and didn't get around to scanning blue sheet (it is yet to be signed by Ron and Gadi though). I'll definitely scan it before it goes to DMO.
Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 12:30 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
Hi Salman,
One quick suggestion, if you haven't done so already. Consider scanning the entire package including the signed off blue sheet prior to sending it to Legal, and the memo signed by Gadi. It's helpful to have on hand when there are questions, and good to have on record.
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:24 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
Sounds good. Thank you. I'll send him by shortly.

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 12:17 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
Hi Salman – the package is ready for pick-up. Can you send your co-op student to pick it up?

Patrick Rundans
Counsel
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Ministry of Finance, Legal Services Branch
T: 416-212-4538
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making a copy. Thank you.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 11:05 AM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Patrick. I've updated the package.

FYI. Cole Le, our co-op, is coming by with the package. I can have it picked up later in the afternoon once its signed.

Sarah: Please let me know if anything comes back from Linda – I don't think there will be an issue but hoping if there is any, its flagged.

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I made a small change to the first paragraph to reflect the changes in the CEO to DM memo.

Patrick Rundans
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Date:	Tuesday, May 30, 2017 12:32:13 PM

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From: Opal Kandelas
To: Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, June 06, 2017 3:05:58 PM

Thanks. “eye roll” eh? sounds like I’m having a less than positive effect on you!

From: Sarah Harris
Sent: Tuesday, June 06, 2017 3:03 PM
To: Opal Kandelas
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi Opal,

Here is the final OIC package for your enjoyment and perusal (insert eye roll here).

Thanks,

Sarah

From: Gavin He
Sent: Friday, June 02, 2017 3:27 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick,

Please find attached the final version of the draft package. We will bring this over for your signature on the OIC once ready.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Thursday, June 01, 2017 5:25 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.

Patrick

Patrick Rundans
Counsel
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From: Gavin He [mailto:Gavin.He@ofina.on.ca]

Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi all,

Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.

Thanks,

Gavin He

From: Bruno Amara
Sent: Wednesday, May 31, 2017 5:23 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,

As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.

Thanks

Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

Hope your day is going well!

Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: Re: OIC s22 CIPA - OFA-IESO

I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick

Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.

Thanks

Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick

Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel

Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460
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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

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From:	Salman Qadir
To:	Sarah Harris
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Tuesday, May 30, 2017 12:32:13 PM

Thanks Sarah. I always overlook that and didn't get around to scanning blue sheet (it is yet to be signed by Ron and Gadi though). I'll definitely scan it before it goes to DMO.
Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 12:30 PM
To: Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman,
One quick suggestion, if you haven't done so already. Consider scanning the entire package including the signed off blue sheet prior to sending it to Legal, and the memo signed by Gadi. It's helpful to have on hand when there are questions, and good to have on record.
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:24 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Sounds good. Thank you. I'll send him by shortly.

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 12:17 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman – the package is ready for pick-up. Can you send your co-op student to pick it up?

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 11:05 AM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Patrick. I've updated the package.
FYI. Cole Le, our co-op, is coming by with the package. I can have it picked up later in the afternoon once its signed.
Sarah: Please let me know if anything comes back from Linda – I don't think there will be an issue but hoping if there is any, its flagged.

Thank you,
Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 10:22 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

I made a small change to the first paragraph to reflect the changes in the CEO to DM memo.

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Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Sarah.
C(ii) would apply to this situation and the rate is determined by the Minister of Finance – hopefully its not an issue.
Attached is the latest package. I'm told I have to get it over to MOF legal for sign off before Ron/Gadi sign off today.
Patrick – I can have a co-op student drop it off in the next hour if you're around (or leave it at reception) (as soon as we hear back from Sarah re: below) – would you be able to get sign off by early afternoon?
Thanks,
Salman

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Sent: Tuesday, May 30, 2017 9:50 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman and Patrick,
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Sarah

From: Salman Qadir
Sent: Monday, May 29, 2017 2:43 PM

To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick/Sarah,

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We have not received Energy's Cabinet note but will continue to see if they can provide. Our understanding is that it is the regulations that are tracking but will double check again.

I will aim to get the package to MOF legal later today, if not, by first thing tomorrow morning.

See attached latest version.

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Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,

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Please let us know if you have any questions.

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,
Salman

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From: Sarah Harris
To: Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 12:30:00 PM

Hi Salman,
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Thanks,
Sarah

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Thanks Patrick. I've updated the package.
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Sarah: Please let me know if anything comes back from Linda – I don't think there will be an issue but hoping if there is any, its flagged.
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Will keep you posted on any further developments.
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Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

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Date:	Tuesday, May 30, 2017 12:24:23 PM

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Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara

<Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,

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Please let us know if you have any questions.

Thanks,

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

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To:	Salman Qadir
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Tuesday, May 30, 2017 12:23:11 PM

Salman,

I just wanted to

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 12:17 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

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Subject: RE: OIC s22 CIPA - OFA-IESO

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To: Salman Qadir; Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
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From: Opal Kandelas
To: Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, June 06, 2017 12:37:50 PM

Hi Sarah,
Could I please get a copy of the package that went to the DMO/MO? I seem to only have earlier drafts. I'm assuming here that Salman passed a copy of the package to you
Thanks,
Opal.

From: Sarah Harris
Sent: Monday, May 29, 2017 9:48 AM
To: Opal Kandelas
Subject: FW: OIC s22 CIPA - OFA-IESO

HI Opal,
Before I left on Thursday evening, you had mentioned that you thought the OIC should be in the amount of $3 billion and not $3.5 billion. I was wondering if on Friday you had reached out to CEFD to discuss this?
The package is due tomorrow, so we would need to sort this out today.
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Sent: Tuesday, May 30, 2017 10:22 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO
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Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460
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From: Sarah Harris
To: Salman Qadir; Patrick Rundans (MOF)
Cc: Opal Kandelas
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 12:00:49 PM

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I checked on the rates and they're fine. Good to go.
Thanks,
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Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 11:05:58 AM

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Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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Sent: May 30, 2017 10:00 AM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO

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Sent: Tuesday, May 30, 2017 9:50 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
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From:	Salman Qadir
To:	Patrick Rundans (MOF); Sarah Harris
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Tuesday, May 30, 2017 11:04:42 AM

Thanks Patrick. I've updated the package.
FYI. Cole Le, our co-op, is coming by with the package. I can have it picked up later in the afternoon once its signed.
Sarah: Please let me know if anything comes back from Linda – I don't think there will be an issue but hoping if there is any, its flagged.
Thank you,
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Subject: RE: OIC s22 CIPA - OFA-IESO

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Attachments: 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister v3.doc

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Tel (416) 325-1590
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Ministère des Finances
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sous-ministre

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7 Queen's Park Cr
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Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to ~~on-~~lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017.*

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Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

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Subject: RE: OIC s22 CIPA - OFA-IESO
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Attachments: 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister v3.doc

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To: Salman Qadir; Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 10:17:36 AM

That should be fine Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 10:00 AM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks Sarah.

C(ii) would apply to this situation and the rate is determined by the Minister of Finance – hopefully its not an issue.

Attached is the latest package. I'm told I have to get it over to MOF legal for sign off before Ron/Gadi sign off today.

Patrick – I can have a co-op student drop it off in the next hour if you're around (or leave it at reception) (as soon as we hear back from Sarah re: below) – would you be able to get sign off by early afternoon?

Thanks,

Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:50 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman and Patrick,

I just realized, as a matter of prudence, the rates in sections (c)(i) and (c)(ii) of the OIC should be checked with the trading floor (Linda or Mike). I know they are essentially the same as the existing 1997 and 1999 OFA OICs. I don't expect any difference, but in particular, I just want to ensure the 90 day t-bill rate under (c)(i) is still the appropriate. Frankly, I'm not familiar with a practical circumstance (c)(i) would apply to. I know time is tight, so I've already e-mailed Linda and will let you know.

Sarah

From: Salman Qadir
Sent: Monday, May 29, 2017 2:43 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara

<Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick/Sarah,

Thanks for all your comments. I've incorporated all the changes. I do want to note that the Act is called Ontario Fair Hydro Plan Act, 2017, so I've made those updates to the note.

We have not received Energy's Cabinet note but will continue to see if they can provide. Our understanding is that it is the regulations that are tracking but will double check again.

I will aim to get the package to MOF legal later today, if not, by first thing tomorrow morning.

See attached latest version.

Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,

The MOF Legal comments on the LRC note and draft memos are attached for your review.

Also attached is an updated draft of the OIC to include the amount and repayment date.

Please let us know if you have any questions.

Thanks,

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

Salman

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<Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Subject: RE: OIC s22 CIPA - OFA-IESO

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Please let us know if you have any questions.

Thanks,

Patrick

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Hi Sarah/Patrick,

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I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

Salman

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From:	Gavin He
To:	Patrick Rundans (MOF)
Cc:	John Kim; Salman Qadir; Bruno Amara; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Sarah Harris
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Friday, June 02, 2017 3:26:32 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx 2 - CIPA - OIC s22 - OFA_FHP - LRC_CEO to DM (MOF Legal)_CEFD_v3_Clean.docx 3 - CIPA - OIC s22 - OFA_FHP - LRC_DM to Minister (MOF Legal)_CEFD_v3_Clean.docx 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx

Hi Patrick,

Please find attached the final version of the draft package. We will bring this over for your signature on the OIC once ready.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Thursday, June 01, 2017 5:25 PM

To: Gavin He ; Sarah Harris

Cc: John Kim ; Salman Qadir ; Bruno Amara ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)

Subject: RE: OIC s22 CIPA - OFA-IESO

The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi all,

Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.

Thanks,

Gavin He

From: Bruno Amara

Sent: Wednesday, May 31, 2017 5:23 PM

To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,

As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the

materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.
Thanks
Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO
Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,
Hope your day is going well!
Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.
Thanks,
Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO
I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have

revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
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To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,
As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.
I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the

OIC to reflect this as I know it may take some time.
Let us know.
Thank you,
Salman

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LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan
John Kim

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman
Ronald Kwan

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Salman Qadir
To:	Sarah Harris; Patrick Rundans (MOF)
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Tuesday, May 30, 2017 9:59:58 AM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v6.doc 2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM v3.doc 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister v3.doc CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

Thanks Sarah.
C(ii) would apply to this situation and the rate is determined by the Minister of Finance – hopefully its not an issue.
Attached is the latest package. I'm told I have to get it over to MOF legal for sign off before Ron/Gadi sign off today.
Patrick – I can have a co-op student drop it off in the next hour if you're around (or leave it at reception) (as soon as we hear back from Sarah re: below) – would you be able to get sign off by early afternoon?
Thanks,
Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:50 AM
To: Salman Qadir ; Patrick Rundans (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman and Patrick,
I just realized, as a matter of prudence, the rates in sections (c)(i) and (c)(ii) of the OIC should be checked with the trading floor (Linda or Mike). I know they are essentially the same as the existing 1997 and 1999 OFA OICs. I don't expect any difference, but in particular, I just want to ensure the 90 day t-bill rate under (c)(i) is still the appropriate. Frankly, I'm not familiar with a practical circumstance (c)(i) would apply to. I know time is tight, so I've already e-mailed Linda and will let you know.
Sarah

From: Salman Qadir
Sent: Monday, May 29, 2017 2:43 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick/Sarah,
Thanks for all your comments. I've incorporated all the changes. I do want to note that the Act is called Ontario Fair Hydro Plan Act, 2017, so I've made those updates to the note.
We have not received Energy's Cabinet note but will continue to see if they can provide. Our understanding is that it is the regulations that are tracking but will double check again.
I will aim to get the package to MOF legal later today, if not, by first thing tomorrow morning.
See attached latest version.
Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,

The MOF Legal comments on the LRC note and draft memos are attached for your review. Also attached is an updated draft of the OIC to include the amount and repayment date.

Please let us know if you have any questions.

Thanks,

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the OFA in an amount of up to $3.5 billion. Under the proposed OIC, loan(s) could be advanced during the period between the effective date of the OIC and June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to allow the OFA to provide loans to the IESO and will help to fulfil the commitments under the proposed Fair Hydro Act, 2017. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a funding shortfall in the early years as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO to sell the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset"). It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"). The cash received would be used by the IESO to fund the current Global Adjustment shortfall. The proposed legislation, however, does not require the OPG SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing to be in place in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset. This short-term financing may also be required before the OPG SPV is operating and before it has its own financing in place to purchase the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*. The $2 billion request from IESO is based on current data and assumptions which could change, therefore, it is proposed that the OIC authorization be $3.5 billion to ensure that there is sufficient contingency in place once the implementation begins.

- For the OFA to accommodate this request, the OFA requires additional borrowing authority from the Minister of Finance to ensure that it has sufficient funds to lend, hence the current request for an OIC.

- The Minister of Finance will be required to provide a Directive to the OFA to direct it to make loans to the IESO in an amount not to exceed $3.5 billion.

s. 3 **Direction and Urgency**

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the *Ontario Fair Hydro Plan Act, 2017* which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in implementing the proposed *Ontario Fair Hydro Plan Act, 2017*.

- Regulations under the proposed *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a funding shortfall in the early years as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO to sell the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset"). It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"). The cash received would be used by the IESO to fund the current Global Adjustment shortfall. The proposed legislation, however, does not require the OPG SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing to be in place in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

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The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered on June 27, 2017 together with proposed submission related to the proposed *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Ontario Financing Authority
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017.*

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a funding shortfall in the early years as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO to sell the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset"). It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"). The cash received would be used by the IESO to fund the current Global Adjustment shortfall. The proposed legislation, however, does not require the OPG SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing to be in place in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

../2

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Salman Qadir
To:	Sarah Harris; Patrick Rundans (MOF)
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Tuesday, May 30, 2017 9:59:58 AM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v6.doc 2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM v3.doc 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister v3.doc CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

Thanks Sarah.
C(ii) would apply to this situation and the rate is determined by the Minister of Finance – hopefully its not an issue.
Attached is the latest package. I'm told I have to get it over to MOF legal for sign off before Ron/Gadi sign off today.
Patrick – I can have a co-op student drop it off in the next hour if you're around (or leave it at reception) (as soon as we hear back from Sarah re: below) – would you be able to get sign off by early afternoon?
Thanks,
Salman

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:50 AM
To: Salman Qadir ; Patrick Rundans (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman and Patrick,
I just realized, as a matter of prudence, the rates in sections (c)(i) and (c)(ii) of the OIC should be checked with the trading floor (Linda or Mike). I know they are essentially the same as the existing 1997 and 1999 OFA OICs. I don't expect any difference, but in particular, I just want to ensure the 90 day t-bill rate under (c)(i) is still the appropriate. Frankly, I'm not familiar with a practical circumstance (c)(i) would apply to. I know time is tight, so I've already e-mailed Linda and will let you know.
Sarah

From: Salman Qadir
Sent: Monday, May 29, 2017 2:43 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick/Sarah,
Thanks for all your comments. I've incorporated all the changes. I do want to note that the Act is called Ontario Fair Hydro Plan Act, 2017, so I've made those updates to the note.
We have not received Energy's Cabinet note but will continue to see if they can provide. Our understanding is that it is the regulations that are tracking but will double check again.
I will aim to get the package to MOF legal later today, if not, by first thing tomorrow morning.
See attached latest version.
Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,

The MOF Legal comments on the LRC note and draft memos are attached for your review. Also attached is an updated draft of the OIC to include the amount and repayment date.

Please let us know if you have any questions.

Thanks,

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the OFA in an amount of up to $3.5 billion. Under the proposed OIC, loan(s) could be advanced during the period between the effective date of the OIC and June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to allow the OFA to provide loans to the IESO and will help to fulfil the commitments under the proposed Fair Hydro Act, 2017. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a funding shortfall in the early years as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO to sell the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset"). It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"). The cash received would be used by the IESO to fund the current Global Adjustment shortfall. The proposed legislation, however, does not require the OPG SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing to be in place in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset. This short-term financing may also be required before the OPG SPV is operating and before it has its own financing in place to purchase the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*. The $2 billion request from IESO is based on current data and assumptions which could change, therefore, it is proposed that the OIC authorization be $3.5 billion to ensure that there is sufficient contingency in place once the implementation begins.

- For the OFA to accommodate this request, the OFA requires additional borrowing authority from the Minister of Finance to ensure that it has sufficient funds to lend, hence the current request for an OIC.

- The Minister of Finance will be required to provide a Directive to the OFA to direct it to make loans to the IESO in an amount not to exceed $3.5 billion.

s. 3 **Direction and Urgency**

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the *Ontario Fair Hydro Plan Act, 2017* which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in implementing the proposed *Ontario Fair Hydro Plan Act, 2017*.

- Regulations under the proposed *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a funding shortfall in the early years as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO to sell the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset"). It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"). The cash received would be used by the IESO to fund the current Global Adjustment shortfall. The proposed legislation, however, does not require the OPG SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing to be in place in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

../2

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered on June 27, 2017 together with proposed submission related to the proposed *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Ontario Financing Authority
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017.*

Under the proposed *Ontario Fair Hydro Plan Act, 2017,* the IESO would incur a funding shortfall in the early years as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. Global Adjustment amounts initially collected will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO to sell the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset"). It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"). The cash received would be used by the IESO to fund the current Global Adjustment shortfall. The proposed legislation, however, does not require the OPG SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing to be in place in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

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Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: Salman Qadir; Patrick Rundans (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, May 30, 2017 9:49:54 AM

Salman and Patrick,
I just realized, as a matter of prudence, the rates in sections (c)(i) and (c)(ii) of the OIC should be checked with the trading floor (Linda or Mike). I know they are essentially the same as the existing 1997 and 1999 OFA OICs. I don't expect any difference, but in particular, I just want to ensure the 90 day t-bill rate under (c)(i) is still the appropriate. Frankly, I'm not familiar with a practical circumstance (c)(i) would apply to. I know time is tight, so I've already e-mailed Linda and will let you know.
Sarah

From: Salman Qadir
Sent: Monday, May 29, 2017 2:43 PM
To: Patrick Rundans (MOF) ; Sarah Harris
Cc: Shajee Kathirgamanathan ; Bruno Amara ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO
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I will aim to get the package to MOF legal later today, if not, by first thing tomorrow morning.
See attached latest version.
Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Please let us know if you have any questions.
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Patrick
Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460
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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

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Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Monday, May 29, 2017 2:42:47 PM
Attachments:	Proposed Fair Hydro Act - b132_e - May 11 2017.pdf 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister v2.doc CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v4.doc 2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM v2.doc

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Legislative Assembly of Ontario

Assemblée législative de l'Ontario

2ND SESSION, 41ST LEGISLATURE, ONTARIO
66 ELIZABETH II, 2017

Bill 132

An Act to enact the Ontario Fair Hydro Plan Act, 2017 and to make amendments to the Electricity Act, 1998 and the Ontario Energy Board Act, 1998

The Hon. G. Thibeault
Minister of Energy

Government Bill

1st Reading May 11, 2017

2nd Reading

3rd Reading

Royal Assent

EXPLANATORY NOTE

The Bill enacts a new Act and makes amendments to the *Electricity Act, 1998* and the *Ontario Energy Board Act, 1998*.

SCHEDULE 1
ONTARIO FAIR HYDRO PLAN ACT, 2017

The Schedule enacts the *Ontario Fair Hydro Plan Act, 2017*. The Act establishes a framework under which the costs and benefits associated with the "clean energy initiative" are to be allocated among present and future consumers of electricity. The "clean energy initiative" is defined in Part I as consisting of the policies of the Government of Ontario related to such matters as eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies.

Under Part II, the Ontario Energy Board is required to determine reduced electricity rates and to determine other adjustments to be made for certain classes of consumers in respect of specified periods of time. For example, for the class of consumers referred to as "regulated rate consumers", the electricity rates payable for the period beginning on July 1, 2017 and ending on April 30, 2018 are the rates, as determined by the Board, that would achieve a 25 per cent reduction in certain costs for a hypothetical member of the class who meets prescribed criteria. Details regarding the determinations are prescribed by regulations.

Part III requires certain electricity consumers to pay an amount in respect of the "clean energy adjustment". The clean energy adjustment is determined by the Financial Services Manager in accordance with rules set out in the Act and the regulations. (Section 18 of the Act appoints Ontario Power Generation Inc. as the Financial Services Manager.) Part III also specifies the roles and responsibilities of electricity vendors and the Independent Electricity System Operator ("IESO") with respect to the collection and remittance of amounts in respect of the clean energy adjustment.

Part IV requires the Minister of Energy to calculate a "fair allocation amount" by taking specified steps in accordance with principles and assumptions set out in the Act. For example, the Act provides that the purpose of calculating the fair allocation amount is to measure and allocate the estimated clean energy costs and estimated clean energy benefits fairly among certain consumers. Part IV also requires the Financial Services Manager to prepare a written plan entitled the "Financing Plan", which is to be used to evaluate whether potential funding obligations should be incurred. Principles and limitations regarding the preparation and implementation of the plan are provided.

Part V requires the IESO to determine the "IESO deferral" in accordance with the regulations and to establish and maintain a variance account in which it records the IESO deferral each month. A "regulatory asset" is created under section 25; the IESO has the right to recover the balance recorded in the variance account from certain consumers. The IESO is authorized to transfer a specified portion of the regulatory asset to a financing entity; this transfer results in the creation of the investment asset and the acquisition by the transferee of a corresponding "investment interest". Various rules respecting the validity and priority of a transfer of an investment asset are set out.

In Part VI, rules in respect of the "investment asset" are provided. Section 29 provides that the investment asset constitutes a current and irrevocable property right and interest, consisting collectively of various specified rights and interests of investment interest owners. Rules respecting the validity and priority of such a transfer and the granting of a security interest by an investment interest owner are included.

Part VII deals with various miscellaneous matters, including regulation-making authority of the Lieutenant Governor in Council.

The *Electricity Act, 1998* and the *Ontario Energy Board Act, 1998* are amended to address various matters relating to the enactment of the new Act. For example, the objects of the IESO and Ontario Power Generation Inc. are expanded to address powers and duties under the new Act.

SCHEDULE 2
AMENDMENTS TO THE ONTARIO ENERGY BOARD ACT, 1998

The *Ontario Energy Board Act, 1998* is amended. Among the amendments:

1. Section 79 of the Act is amended so that compensation for the rate protection provided to certain classes of rural or remote consumers may be funded out of money appropriated by the Legislature, rather than by consumers.
2. Section 79.2 of the Act, which governs the Ontario Electricity Support Program, is repealed and replaced. The program is continued, but will be funded out of money appropriated by the Legislature after the variance account maintained by the Independent Electricity System Operator, formerly established under the Plan, is exhausted, rather than by consumers. There are provisions relating to the sharing, use and disclosure of information relating to the administration of the Ontario Electricity Support Program.

3. Programs are established to aid certain distribution rate-protected residential consumers and on-reserve consumers.
4. Various amendments of a technical and administrative nature are made to support the implementation and oversight of these programs including provisions related to auditing, record-keeping, inspections and inquiries, offences and penalties.

Bill 132 **2017**

An Act to enact the Ontario Fair Hydro Plan Act, 2017 and to make amendments to the Electricity Act, 1998 and the Ontario Energy Board Act, 1998

Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

Contents of this Act

1 This Act consists of this section, sections 2 and 3 and the Schedules to this Act.

Commencement

2 (1) Subject to subsections (2) and (3), this Act comes into force on the day it receives Royal Assent.

(2) The Schedules to this Act come into force as provided in each Schedule.

(3) If a Schedule to this Act provides that any of its provisions are to come into force on a day to be named by proclamation of the Lieutenant Governor, a proclamation may apply to one or more of those provisions, and proclamations may be issued at different times with respect to any of those provisions.

Short title

3 The short title of this Act is the *Fair Hydro Act, 2017*.

SCHEDULE 1
ONTARIO FAIR HYDRO PLAN ACT, 2017

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Preamble

The Government of Ontario is committed to fostering the development of a clean, modern and reliable electricity system with a diverse supply mix. The Government is also committed to removing barriers to and promoting opportunities for renewable and clean energy projects. These commitments can only be achieved if costs are shared fairly among consumers, today and in the future.

Electricity rates have risen for two key reasons. First, decades of under-investment in the electricity system resulted in the need to invest more than $50 billion in generation, transmission and distribution assets to ensure the system is clean and reliable. Second, the decision to eliminate Ontario's use of coal and produce clean, renewable power has created additional costs.

The actions taken to achieve a clean, modern and reliable electricity system have resulted in significant costs to residential consumers. The burden of financing these system improvements and funding key programs has unfairly fallen almost entirely on the shoulders of those consumers.

The Government of Ontario is committed to ensuring that the costs of financing these investments and the associated charges to consumers are allocated fairly among present and future generations.

Recognizing that the electricity infrastructure that has been built and the policy decisions that have been made will create benefits for years to come, costs should be allocated fairly over time, so that residential consumers in the future pay their fair share for the benefits that they receive from the investments already made.

PART I
GENERAL

Interpretation

Definitions

1 (1) In this Act,

"Board" means the Ontario Energy Board; ("Commission")

"clean energy adjustment" means the amount determined under section 15 and payable by specified consumers; ("ajustement pour l'énergie propre")

"clean energy benefits" means the value of the benefits determined to be derived by or accruing to specified consumers as a result of the clean energy initiative, including as a result of clean energy costs; ("avantages de l'énergie propre")

"clean energy costs" means the value of the costs allocated to specified consumers as a result of the clean energy initiative, including as a result of past, present and expected costs incurred in respect of,

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* or any provision that is the successor to that provision, which relate to contracts or amounts for,

(i) renewable energy generation or capacity,

(ii) conservation and demand management,

(iii) energy storage,

(iv) energy efficiency,

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed,

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*, and

(c) such other costs or estimated costs as may be prescribed; ("coûts de l'énergie propre")

"clean energy initiative" means the policies of the Government of Ontario related to,

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,

(c) promoting conservation, demand management and energy efficiency, and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system; ("initiative pour l'énergie propre")

"electricity vendor" means,

(a) a licensed distributor,

(b) a licensed retailer,

(c) the IESO in circumstances where it directly invoices a specified consumer for electricity used in Ontario, or

(d) such other person as may be prescribed; ("vendeur d'électricité")

"fair allocation amount" means an amount calculated under section 20; ("montant de répartition équitable")

"finance amount" means the finance amount determined in accordance with the regulations; ("montant de financement")

"Financial Services Manager" means the Financial Services Manager appointed under section 18; ("gestionnaire des services financiers")

"financing entity" means an entity established or caused to be established by the Financial Services Manager as described in subsection 22 (2); ("entité de financement")

"Financing Plan" means the plan prepared under section 21; ("Plan de financement")

"funding obligation" means a payment obligation incurred by or on behalf of an investment interest owner to fund its ownership of an investment interest or a payment obligation that meets such other criteria as may be prescribed; ("obligation de financement")

"funding rebate" means a payment obligation incurred by the IESO as part of the transfer of the regulatory asset; ("remboursement de financement")

"IESO" means the Independent Electricity System Operator continued under Part II of the *Electricity Act, 1998*; ("SIERE")

"IESO deferral" means the amount determined under section 23; ("report de la SIERE")

"investment asset" means the rights and interests described in section 29; ("actif d'investissement")

"investment interest" means,

(a) an ownership interest in the investment asset, and

(b) in circumstances where the ownership interest is transferred, the rights and benefits specified in the agreement under which the interest is transferred; ("participation d'investissement")

"investment interest owner" means a financing entity that has acquired and holds an investment interest; ("détenteur d'une participation d'investissement")

"licensed distributor" means a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a distribution system within the meaning of that Act; ("distributeur titulaire d'un permis")

"licensed retailer" means a person who is licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity; ("détaillant titulaire d'un permis")

"Minister" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of this Act under the *Executive Council Act*; ("ministre")

"Ontario Power Generation Inc." means the corporation incorporated as Ontario Power Generation Inc. under the *Business Corporations Act* on December 1, 1998; ("Ontario Power Generation Inc.")

"prescribed" means prescribed by the regulations; ("prescrit")

"reference period" means,

(a) the period beginning on July 1, 2017 and ending on October 31, 2017, and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed,

(i) every six-month period following the period mentioned in clause (a), or

(ii) any period shorter than six months, as may be prescribed; ("période de référence")

"refinancing" means, subject to the regulations, the incurrence of debt in connection with a redemption, repayment or repurchase of a funding obligation; ("refinancement")

"regulation" means a regulation made under this Act; ("règlement")

"regulatory asset" means the right established under section 25; ("actif réglementaire")

"specified consumer" means,

(a) a person who has an account with an electricity vendor for the supply of electricity in Ontario and meets the criteria set out in subsection (2), or

(b) such other person as may be prescribed; ("consommateur déterminé")

"transfer" includes, when used in relation to an investment interest, the assignment, conveyance, disposition or sale of the investment interest; ("transfert")

"true up amount" means a true up amount determined in accordance with the regulations; ("montant d'égalisation")

"unit sub-metering" has the same meaning as in the *Energy Consumer Protection Act, 2010;* ("activités liées aux compteurs divisionnaires d'unité")

"unit sub-meter provider" has the same meaning as in the *Energy Consumer Protection Act, 2010;* ("fournisseur de compteurs divisionnaires d'unité")

"variance account" means the variance account established by the IESO under subsection 24 (1). ("compte d'écart")

Specified consumer

(2) For the purposes of clause (a) of the definition of "specified consumer" in subsection (1), the person must meet any one of the following criteria:

1. The person has a demand for electricity of not more than 50 kilowatts, or such other amount as may be prescribed.
2. The person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed.
3. The person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22 (6) of that Act.
4. The person's account with the electricity vendor relates to,
    i. a dwelling,
    ii. a property within the meaning of the *Condominium Act, 1998*,
    iii. a residential complex within the meaning of subsection 2 (1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act, or
    iv. a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*.
5. The person satisfies such criteria as may be prescribed.

Transfer of regulatory asset

(3) In this Act, a reference to the transfer of a specified portion of the regulatory asset is a reference to the following, as provided for in subsection 26 (3):

1. A reduction in the balance in the variance account.
2. The adjustment of the regulatory asset.
3. The acquisition by a financing entity of the investment interest corresponding to the specified portion of the regulatory asset.

Effect of invalidity

2 (1) For greater certainty, all of the provisions of this Act remain in full force and effect, even if one or more provisions are held to be invalid, the intention of the Legislature being to give separate and independent effect to the extent of its powers to every provision contained in this Act.

Same, funding obligation

(2) The fact that any provision of this Act is held to be invalid or ceases to be in effect for any reason does not affect the validity or enforceability of a funding obligation incurred before the day that the provision is held to be invalid or ceases to be in effect, or any rights or obligations associated with the funding obligation.

Purposes

3 The purposes of this Act are,

(a) to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers;

(b) to recognize that clean energy benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in the Province; and

(c) to align clean energy costs with clean energy benefits, in order to provide fairness for specified consumers over time.

Crown bound

4 This Act binds the Crown.

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

PART II
FAIR ADJUSTMENT

Definition

6 In this Part,

"regulated rate consumer" means a specified consumer who meets the following criteria:

1. The consumer is a member of the class of consumers prescribed by the regulations made under the *Ontario Energy Board Act, 1998* for the purposes of subsection 79.16 (1) of that Act.
2. The consumer would, if the consumer were not subject to this Act, be invoiced the rates determined by the Board under clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*.

Regulated rate consumers, first adjustments

7 (1) Despite any order under subsection 78 (3.1) of the *Ontario Energy Board Act, 1998* and despite section 79.16 of that Act, the electricity rates payable by regulated rate consumers for the period beginning on July 1, 2017 and ending on April 30, 2018 are the rates, as determined by the Board, that would result in a hypothetical regulated rate consumer who meets the prescribed criteria being charged an invoice amount that is 25 per cent less than the invoice amount that would have been charged to that consumer under the comparison rates described in subsection (2).

Comparison rates

(2) The comparison rates are the rates that would have been effective May 1, 2017 if they had been determined by the Board solely using the method prescribed by the regulations made under clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*, without taking into account any forecasted impact of any other provisions of this Act.

Invoice amounts

(3) The types of amounts to be included or excluded in each invoice amount mentioned in subsection (1) are the types of amounts specified in the regulations.

Other specified consumers, first adjustments

8 (1) For the period beginning on July 1, 2017 and ending on April 30, 2018, the adjustments made by the IESO under section 25.33 of the *Electricity Act, 1998* shall, with respect to specified consumers who are not regulated rate consumers, be further adjusted by electricity vendors in accordance with the determinations of the Board under subsection (2).

Board to make determinations

(2) The Board shall, in accordance with the regulations, determine the adjustments to be made by electricity vendors.

Same, regulations

(3) The regulations may specify different adjustments to be made in respect of prescribed classes of specified consumers who are not regulated rate consumers.

Determinations by Board

9 The Board shall make the determinations mentioned in sections 7 and 8 no later than 15 business days after the day this section receives Royal Assent and, regardless of whether the Board makes the determinations before or after July 1, 2017, the determinations shall be effective as of July 1, 2017.

Implementation by electricity vendors

10 (1) As soon as possible after the Board makes determinations under section 9, each electricity vendor shall, in respect of electricity used on or after July 1, 2017, ensure that its invoices reflect the determinations of the Board.

Same

(2) The electricity vendor shall ensure that, if any of its customers who are specified consumers have been invoiced in a manner that does not reflect the determinations of the Board under section 9, the specified consumer receives the difference between the amounts shown on the invoice and the amounts reflecting the Board's determinations, provided as a lump sum credit on the first invoice issued after the electricity vendor has adapted its invoices or by such other means as may be prescribed.

Subsequent adjustments

11 (1) Despite clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998* and subject to subsection (2), the Lieutenant Governor in Council may prescribe the methodology to be applied by the Board after April 30, 2018 for the purpose of determining,

(a) electricity rates for regulated rate consumers; or

(b) adjustments to be applied by electricity vendors to the adjustments made by the IESO under section 25.33 of the *Electricity Act, 1998* in respect of prescribed classes of specified consumers who are not regulated rate consumers.

Limitation

(2) Any prescribed methodology shall have regard to the following:

1. The purposes of this Act.
2. The clean energy costs borne by specified consumers over time.
3. Such other matters as may be prescribed.

Sub-metering

12 (1) This section applies if a specified consumer provides to another person electricity in respect of which a determination of the Board referred to in section 9 or 11 applies.

Same

(2) If an invoice for the electricity is issued to the person by the specified consumer or a unit sub-meter provider providing unit sub-metering for the specified consumer, the amount payable for the electricity by the person who is liable to pay the invoice shall be determined in accordance with the regulations.

PART III
CLEAN ENERGY ADJUSTMENT

Specified consumers to pay

13 (1) Upon receipt of an invoice from an electricity vendor that includes an amount in respect of the clean energy adjustment, a specified consumer shall pay the amount to the electricity vendor as agent of the investment interest owners.

Same

(2) For greater certainty, subsection (1) applies regardless of,

(a) whether the clean energy adjustment was determined in a manner that was inconsistent with this Act; and

(b) whether the amount payable in respect of the clean energy adjustment relates to funding obligations that were incurred in a manner that was inconsistent with the Financing Plan, including in a manner that failed to provide for the reasonable alignment of the estimated finance amount with the fair allocation amount.

Terms

(3) The payment shall be made in accordance with such terms of payment as may be specified in the invoice, which may include terms relating to late payment fees and interest charges.

Indebtedness of specified consumer

(4) An unpaid amount that is required to be paid by a specified consumer under this section constitutes indebtedness of the specified consumer to each investment interest owner to the extent of each owner's respective interest in the investment asset.

Same

(5) The indebtedness mentioned in subsection (4) is a single and separate debt obligation owed by the specified consumer and may be enforced independently from any other payment obligation or indebtedness owing by the specified consumer.

Unit sub-metering

(6) A specified consumer who provides electricity through unit sub-metering may collect amounts in respect of the clean energy adjustment payable under this section in accordance with the regulations.

Irrevocability of amount

14 (1) An amount in respect of the clean energy adjustment shown on an invoice issued to a specified consumer under this Act is determinative of the amount of the consumer's indebtedness resulting from the clean energy adjustment and is irrevocable upon invoicing the consumer and may not be set off or bypassed.

Exception

(2) Subsection (1) does not apply to the extent that the invoice reflects a clerical, typographical or calculation-related error.

Determination of clean energy adjustment

Financial Services Manager to determine

15 (1) The Financial Services Manager shall determine the clean energy adjustment payable by all specified consumers in respect of each month in a reference period by taking the following steps:

1. Calculate the sum of the following:
    i. The estimated finance amount in respect of the reference period.
    ii. The true up amount in respect of the reference period.
2. Divide the sum calculated under paragraph 1 by the number of months in the reference period.

Regulations re true up amount

(2) The Lieutenant Governor in Council shall, in making regulations with respect to the determination of the true up amount, have regard to the following principles:

1. The true up amount should serve to ensure that the collection of the clean energy adjustment is sufficient to pay the finance amount when it is due.
2. The method for determining the true up amount should take into account historical and reasonably foreseeable,
    i. differences between the estimated and actual finance amount for the applicable reference period,
    ii. differences between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs, and
    iii. variations in billings due to variations in electricity consumption.

Financial Services Manager to notify Board

(3) The Financial Services Manager shall, in accordance with the regulations, notify the Board of the clean energy adjustment in respect of a reference period and such other information related to the determination of the clean energy adjustment as may be prescribed.

Board to determine rates

(4) Without changing the clean energy adjustment, the Board shall, in accordance with the regulations, determine the rates at which specified consumers are invoiced to recover the clean energy adjustment in respect of the reference period.

IESO to receive amounts

16 (1) The IESO shall, as agent of the investment interest owners, receive amounts in respect of the clean energy adjustment paid to it from electricity vendors in accordance with the market rules made under section 32 of the *Electricity Act, 1998* or the regulations.

Account

(2) All of the following amounts received by the IESO shall, until remitted to or for the benefit of the investment interest owners in accordance with subsection (4), be deposited promptly into an account established for the purposes of receiving those amounts:

1. Amounts described in subsection (1).
2. Payments made by specified consumers directly to the IESO as electricity vendor under subsection 13 (1).
3. Proceeds of amounts described in paragraphs 1 and 2.

Same, held in trust

(3) All amounts received by the IESO in respect of the clean energy adjustment shall, until remitted to or for the benefit of the investment interest owners, be held in trust by the IESO for the investment interest owners.

IESO to remit

(4) The IESO shall remit amounts received by it in respect of the clean energy adjustment, inclusive of interest earned on the amounts referred to in subsection (1), to or for the benefit of the investment interest owners in accordance with the regulations.

Electricity vendor to invoice specified consumers

17 (1) Each electricity vendor shall issue an invoice to each of its customers who is a specified consumer for the amount payable by the consumer in respect of the clean energy adjustment, as determined by applying the rate set by the Board under subsection 15 (4) and in accordance with the regulations.

Electricity vendor to report

(2) Each electricity vendor shall, in accordance with the regulations, promptly report to the IESO the total amount invoiced to its customers who are specified consumers in respect of the clean energy adjustment, the amount collected and such other information as may be prescribed.

Electricity vendor to collect

(3) Each electricity vendor shall, as agent of the investment interest owners, collect amounts in respect of the clean energy adjustment from specified consumers in accordance with the regulations.

Pro rating of payments

(4) If an electricity vendor receives a payment made by or on behalf of a specified consumer in respect of amounts payable under one or more invoices and the amount paid is less than the total amount payable, the electricity vendor shall allocate the payment on a pro rata basis to the clean energy adjustment and other amounts payable under the relevant invoices in respect of electricity charges in respect of the same invoice period.

Held in trust

(5) Payments received by an electricity vendor from or on behalf of specified consumers in respect of the clean energy adjustment and all proceeds of the payments shall, until remitted to the IESO for the benefit of the investment interest owners in accordance with subsection (6), be held by each electricity vendor in trust for the benefit of the investment interest owners.

Remittance to IESO

(6) Each electricity vendor shall remit amounts in respect of the clean energy adjustment to the IESO for the benefit of the investment interest owners in accordance with the regulations.

PART IV
IMPLEMENTATION

FINANCIAL SERVICES MANAGER

Appointment

18 Ontario Power Generation Inc. is appointed as the Financial Services Manager for the purposes of this Act.

Duties and powers

19 (1) The Financial Services Manager shall perform the duties assigned to it under this Act and may administer the investment asset on behalf of the investment interest owners.

Same

(2) The administration of the investment asset may include providing information to the IESO in respect of obligations under Part III and such other activities as may be prescribed.

Fees

(3) Subject to any prescribed limitations, the Financial Services Manager may establish and charge fees in relation to such matters as may be prescribed in accordance with the regulations, which regulations may provide for the ability to recover costs and expenditures and to earn a return.

Same, Board approval

(4) Before establishing fees under subsection (3), the Financial Services Manager shall submit them to the Board for approval in accordance with the regulations.

FAIR ALLOCATION AMOUNT

Minister to calculate fair allocation amount

20 (1) Subject to subsections (2) and (3), before the first funding obligation is incurred the Minister shall calculate a fair allocation amount in respect of each reference period, applying such method as the Minister considers appropriate and in accordance with the following steps:

1. Determine the estimated clean energy costs and estimated clean energy benefits allocated to specified consumers in respect of the reference period.
2. Determine the estimated reduction in the amounts payable by specified consumers as a result of determinations of the Board under Part II in respect of all previous reference periods, including the estimated reduction in clean energy costs described in clause (a) of the definition of "clean energy costs" in subsection 1 (1) that would otherwise have been payable by specified consumers in the absence of this Act.
3. Determine the amount, if any, by which the determination under paragraph 1 exceeds the determination under paragraph 2.
4. Calculate the sum of the amount determined under paragraph 3 and such other amounts as may be prescribed.

Principles

(2) In calculating the fair allocation amount, the Minister shall have regard to the following principles:

1. The purpose of calculating the fair allocation amount is to measure and allocate the estimated clean energy costs and estimated clean energy benefits fairly among the specified consumers in respect of each reference period.
2. Calculations should be made having regard to the need to align each fair allocation amount with the estimated finance amount payable during the reference period.
3. Estimated clean energy costs allocated to specified consumers in respect of a reference period should be allocated in proportion to the estimated clean energy benefits attributed to the specified consumers in respect of the reference period.
4. Such other principles as may be prescribed.

Assumptions

(3) In calculating the fair allocation amount, the Minister shall make such assumptions as the Minister considers to be reasonable regarding the following:

1. The time value of money or the rate of inflation, for the purpose of equating nominal amounts over time.
2. The expected number of specified consumers in respect of each reference period.
3. The expected electricity consumption rates in respect of each reference period.
4. Such other assumptions as may be prescribed.

Minister to provide amount to Financial Services Manager

(4) The Minister shall provide the fair allocation amount in respect of each reference period to the Financial Services Manager.

Recalculation

(5) A calculation of the fair allocation amount under this Part may be changed by such person as may be prescribed in accordance with such requirements as may be prescribed.

Same

(6) No change under subsection (5) shall affect any clean energy adjustment that has already been determined under section 15 or any funding obligations that have already been incurred before the change.

Information

(7) The Minister, the IESO, the Financial Services Manager, the Board and electricity vendors shall provide such information as may be prescribed in accordance with the regulations for the purposes of facilitating a change to a calculation of the fair allocation amount.

FINANCING PLAN

Financial Services Manager to prepare Financing Plan

21 (1) The Financial Services Manager shall prepare a written plan entitled the Financing Plan to be used by the Financial Services Manager to evaluate whether potential funding obligations should be incurred for the purposes of acquiring and financing an investment asset in accordance with this Act or for the purposes of a refinancing.

Plan to be provided to Minister

(2) The Financial Services Manager shall provide the Financing Plan to the Minister.

Principles

(3) In preparing the Financing Plan, the Financial Services Manager shall have regard to the following principles:

1. Funding obligations should be incurred such that, along with any funding obligations already incurred, the estimated finance amount that would, subject to any refinancing, become due and payable during a reference period will reasonably align with the fair allocation amount determined in respect of the reference period, in each case after reducing the fair allocation amount to reflect determinations of the Board under Part II in respect of the reference period.
2. Incurrences should be implemented in a manner that, in the opinion of the Financial Services Manager, is reasonable, cost effective and that reflects prevailing market terms and conditions.
3. Reasonable assumptions should be made regarding such matters as may be prescribed.
4. Such other principles as may be prescribed.

Limitation

(4) In respect of each reference period from July 1, 2017 to April 30, 2021, no funding obligation shall be incurred that would result in amounts payable in respect of the clean energy adjustment in respect of the reference period unless,

(a) the amounts are payable in respect of a reference period in respect of which the Board has not made any determinations under Part II; or

(b) if the Board has made a determination under Part II in respect of the reference period, the funding obligations incurred would not result in amounts payable in respect of the clean energy adjustment during the reference period in an amount that exceeds the limit determined in accordance with the regulations.

Other reports

(5) The Financial Services Manager shall submit to the Minister such reports and information as the Minister may require from time to time and shall, if required by the Minister to do so, examine, report and advise on any question relating to the Financing Plan.

Amendments to plan

(6) The Financial Services Manager may amend the Financing Plan at any time.

Same

(7) In the event that the Financing Plan is amended, any reference in this Act to the Financing Plan is deemed to be a reference to the plan as amended.

Incurrence of funding obligations

22 (1) The Financial Services Manager shall ensure that funding obligations incurred for the purposes of this Act are incurred in a manner that is consistent with the applicable Financing Plan.

Financing entities

(2) In accordance with the Financing Plan, the Financial Services Manager may establish or cause to be established one or more financing entities that may incur funding obligations.

Prohibition

(3) The Financial Services Manager shall not provide for funding obligations to be incurred with any recourse to any assets of an electricity vendor, the Board, Ontario Power Generation Inc., the Province or the Lieutenant Governor in Council, except to the extent that any of these persons or entities may be liable to perform obligations or duties arising under this Act or under the express terms of a funding obligation or other agreement.

Effect of amendment to fair allocation amount

(4) Each funding obligation incurred and each transfer made by a financing entity is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated finance amount with the fair allocation amount.

Same

(5) For greater certainty, subsection (4) applies despite the failure of the Financial Services Manager to comply with subsection (1).

PART V
THE REGULATORY ASSET

IESO deferral

23 (1) The IESO deferral for each month, commencing May 1, 2017, shall be determined by the IESO in accordance with the regulations.

Same, retrospective amounts

(2) For greater certainty, the regulations may provide for the IESO deferral to include an amount that was incurred by the IESO on or after May 1, 2017 and before the day this section comes into force.

Electricity vendors to provide information

(3) Electricity vendors shall provide to the IESO such information as the IESO may reasonably request for the purposes of determining the IESO deferral under subsection (1) and such further information as may be prescribed.

Same

(4) The IESO may rely on information provided by electricity vendors for the purposes of the determination under subsection (1).

Variance account to be established, maintained

24 (1) The IESO shall establish and maintain a variance account in which it records the following:

1. The IESO deferral for each month.
2. All payments received by the IESO resulting from the exercise of the right of recovery under section 25 and any transfer under section 26.
3. Such other adjustments as may be prescribed, including adjustments in respect of the period that commences on or after May 1, 2017 and before the day this section comes into force.

Recording determinative

(2) Subject to the correction of any obvious error by the IESO, its recording of the balance in the variance account is determinative of the balance as of the time of the recording.

Rights of investment interest owner

(3) No change made by the IESO to the balance in the variance account shall, if the previous balance was relied upon by an investment interest owner in the context of a transfer under section 26, affect the rights acquired by the investment interest owner under the transfer.

Regulatory asset established

25 (1) Effective May 1, 2017, the IESO has the right, exercisable in accordance with this Act and the regulations, to recover the balance recorded in the variance account from specified consumers.

Board to set rates

(2) Subject to subsection (3), the Board shall, from time to time and in accordance with the regulations, determine and set rates payable by specified consumers to allow for the IESO to recover the balance recorded in the variance account.

Limitation

(3) The IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021.

Transfer of regulatory asset

26 (1) The IESO may from time to time, in accordance with this Act and the regulations, transfer a specified portion of the regulatory asset to a financing entity in accordance with this section.

Agreement

(2) An agreement between the IESO and a financing entity in relation to the transfer of a specified portion of the regulatory asset shall provide for consideration of a payment by the financing entity to the IESO in an amount equal to the amount of the specified portion.

Effect of payment

(3) Upon receipt by the IESO of the payment by the financing entity,

(a) the balance in the variance account shall be reduced by the amount of the payment;

(b) the regulatory asset shall be adjusted accordingly;

(c) the financing entity shall acquire a corresponding investment interest; and

(d) the IESO shall retain no further right, title or interest in the corresponding investment interest.

Validity of transfer

27 (1) A transfer of a specified portion of the regulatory asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding investment interest to the transferee.

Same

(2) Without limiting subsection (1), any transfer agreement that states an intention of the parties for the IESO to dispose of a specified portion of the regulatory asset and to assign, convey or sell a corresponding investment interest shall be treated for all purposes as an absolute assignment, conveyance, disposition and sale of the IESO's right to recover the corresponding amount in the variance account and not merely as a security interest.

Deemed perfection, etc.

(3) At the time a transfer of the regulatory asset is made under section 26, the transfer shall be deemed to have been and shall be perfected, vested, valid and binding as against the transferor and all other persons who have claims of any kind against the transferor.

Priority of transfer

(4) Subsection (3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons.

PART VI
THE INVESTMENT ASSET

Investment asset established

28 (1) The transfer of a specified portion of the regulatory asset under section 26 creates an investment asset or, if it is not the first transfer, adds to the investment asset.

Same

(2) Upon transfer of a specified portion of the regulatory asset under section 26 to a financing entity, the investment asset resulting from the transfer is immediately vested in the financing entity, free and clear of any adverse claim.

Investment asset, irrevocable rights and interests

29 (1) The investment asset constitutes a current and irrevocable property right and interest consisting, collectively, of the following rights and interests of investment interest owners:

1. The right and interest to impose, invoice, collect, receive and recover the clean energy adjustment from specified consumers, including the right to determine the clean energy adjustment in accordance with this Act.
2. The right to receive, collect and recover the clean energy adjustment that is imposed, invoiced and recoverable under this Act, including any amounts in respect of the clean energy adjustment that are held by electricity vendors, the IESO and other prescribed parties.
3. All rights and entitlements under such accounts as may be prescribed by regulation and all amounts on deposit in such accounts.

4. The right to enforce the duties and obligations under this Act of each electricity vendor to impose, attribute, charge and invoice for the clean energy adjustment.
5. The right to enforce the duties and obligations under this Act of each electricity vendor and the IESO to collect, receive and remit amounts received by it in respect of the clean energy adjustment, including all collections and the proceeds of any enforcement action undertaken by any electricity vendor to recover payment of the clean energy adjustment.
6. All rights of any kind related to any of the other property rights or interests that comprise the investment interest, including any rights to receive funding rebates.
7. All revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs 1 to 6, regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Not affected by failure to impose etc. clean energy adjustment

(2) An investment interest is not affected by any failure to impose, attribute, invoice, accrue or collect amounts in respect of the clean energy adjustment.

No set off, etc.

(3) The investment asset shall not be set off,

(a) by a consumer, an electricity vendor, the IESO, an agent of the investment interest owners or an owner in the Province of a distribution system within the meaning of the *Electricity Act, 1998*;

(b) in connection with any default of a person mentioned in clause (a); or

(c) by any affiliate or successor of a person mentioned in clause (a).

Exercise of rights

(4) The rights of the investment interest owners to collect the clean energy adjustment and enforce their rights and interests in, to and in respect of the investment asset against a specified consumer shall be exercised in accordance with Part III of this Act.

Collective action required

(5) If one investment interest owner owns a right or interest in the investment asset that comprises less than the entire property right and interest constituted by the investment asset, the right or interest shall only be enforced by the investment interest owner collectively and in coordination with all other investment interest owners, and any agreement among that collective in furtherance of the collective action shall be valid and binding on the investment interest owners as a collective in accordance with its terms.

Transfer of investment interest

30 An investment interest owner may transfer all or a portion of an investment interest to any other investment interest owner, including by way of a transfer of a divided or an undivided interest, in accordance with the Financing Plan.

Validity of transfer

31 (1) A transfer of an investment interest under this Act is a valid and enforceable sale and absolute transfer of the investment interest and confers upon the transferee a valid property right and interest in, to and under the applicable investment interest acquired in accordance with the terms of the transfer.

Same

(2) Without limiting subsection (1), a transfer that by its terms is intended to constitute a sale or absolute transfer shall be treated for all purposes as an absolute transfer of an investment interest owner's right, title and interest in, to and under an investment interest, and not merely as a security interest, and upon such absolute transfer the transferor shall retain no right, title or interest in the investment interest subject to the transfer, including all rights to the investment interest arising after the transfer.

Deemed perfection, etc.

(3) At the time a transfer of an investment interest is made, the transfer shall be deemed to have been and shall be perfected as described in the *Personal Property Security Act*, vested, valid and binding as against the transferor and all other persons who have claims of any kind against the transferor.

Priority of transfer, assignment, etc.

(4) Subsection (3) applies regardless of whether the persons who have claims have received notice of the transfer, and the property rights and interests acquired by the investment interest owner shall have priority over any liens in favour of such other persons.

Investment interest owner may grant security interest

32 (1) An investment interest owner may grant a security interest over all or a specified portion of its right, title and interest in, to and under the investment interest to or in favour of any person to secure a funding obligation.

Validity

(2) A security interest granted under this Act shall be valid and enforceable in accordance with its terms.

Perfection and priority of security interests

(3) All provisions of the *Personal Property Security Act* shall apply to the investment asset and each investment interest on the basis that the investment asset and each investment interest is intangible personal property, except as otherwise provided for in this section, and any granting of a security interest by an investment interest owner to secure a funding obligation shall, subject to the terms of the funding obligation, give rise to a security interest in respect of which that Act applies and may be perfected by registering a financing statement under that Act on that basis.

Proceeds

(4) All proceeds of an investment interest that are subject to the security interest and that are received by the investment interest owner shall immediately be subject to the security interest and shall be perfected without any physical delivery of the proceeds, registration of any financing statement or any further act.

Perfection

(5) The security interest shall be a continuously perfected security interest and shall have priority over any other lien, created by operation of law or otherwise, that may subsequently attach to the property rights and interests in the investment interest subject to the security interest, unless the person to whom the security interest has been granted consents otherwise.

Same

(6) The person to whom the security interest has been granted shall have a perfected security interest in revenues or other proceeds that are deposited in any account of any electricity vendor, an agent of an electricity vendor or other person who may have commingled such revenues or other proceeds with other funds.

Notice required

(7) The secured party shall be entitled to exercise the rights of an investment interest owner only after the secured party has given notice of the enforcement of its security interest to the IESO.

Interpretation

(8) For the purposes of this section, a security interest is perfected when it is perfected as described in the *Personal Property Security Act.*

PART VII
MISCELLANEOUS

Appointment of agent, invoicing or collection

33 (1) If a prescribed circumstance applies, the Lieutenant Governor in Council may by regulation appoint a person to carry out some or all of the obligations of an electricity vendor under this Act in the place of an electricity vendor with respect to invoicing or collection.

Same, not Crown agent

(2) For greater certainty, a person appointed under this section is not an agent of the Crown for any purpose, despite the *Crown Agency Act*.

Board's authority

34 (1) Each electricity vendor, the IESO and the Financial Services Manager shall maintain such accounts and provide such information to the Board as the Board may require for the purposes of carrying out its responsibilities under this Act, in the form and manner and within the time required by the Board.

No hearing required

(2) Despite anything to the contrary in the *Ontario Energy Board Act, 1998*, the Board may exercise any of its responsibilities under this Act without a hearing.

Sequestration

35 (1) A court in the Province may, upon application by an investment interest owner or a secured party, order the sequestration and payment of amounts in respect of the clean energy adjustment, collections or remittances, as applicable, for the benefit of the investment interest owner or secured party by any person or entity authorized to collect amounts in respect of the clean energy adjustment.

Same

(2) An order under subsection (1) does not limit any other remedies available to the applicant.

Choice of law

36 The law governing, as applicable, the validity, enforceability, attachment, perfection, priority and exercise of remedies with respect to a transfer under this Act or the creation of a security interest in the regulatory asset, the investment asset, the clean energy adjustment or the undertaking of the Crown under section 5 shall be the laws of the Province.

Conflict

37 The provisions of this Act and the regulations apply despite any provision of any other Act regarding the attachment, assignment or perfection, or the effect of perfection or priority of any transfer or security interest.

No further approvals, etc.

38 Despite any requirement under any Act, no approvals, notices or authorizations other than those specified in this Act are required under the Financing Plan or in relation to the determination of the fair allocation amount.

Liability

39 (1) No action or other civil proceeding shall be commenced against any employee of the Province or Ontario Power Generation Inc. for any act done in good faith in the exercise or performance or the intended exercise or performance of a power or duty under this Act, the regulations or for any alleged neglect or default in the exercise or performance in good faith of such a power or duty.

Same

(2) Nothing in subsection (1) shall be read as limiting the effect of subsection 19 (1) of the *Electricity Act, 1998* or subsection 11 (1) of the *Ontario Energy Board Act, 1998.*

Same

(3) Despite subsections 5 (2) and (4) of the *Proceedings Against the Crown Act,* subsection (1) does not relieve the Crown of liability in respect of a tort committed by a person mentioned in subsection (1) to which it would otherwise be subject.

References in marketing materials and offering documents

40 No person shall include, in marketing materials or offering documents relating to the financing of funding obligations, references to any rights, obligations, guarantees or undertakings arising under section 5 unless the prescribed requirements, if any, are satisfied.

Regulations

41 (1) The Lieutenant Governor in Council may make regulations in respect of the following matters:

1. Governing anything that is required or permitted to be prescribed or that is required or permitted to be done by, or in accordance with, the regulations or as authorized, specified or provided in the regulations.
2. Defining, for the purposes of a regulation, words and expressions used in this Act that are not defined in the Act.
3. Governing the incurrence of debt for the purposes of the definition of "refinancing" in subsection 1 (1).
4. Governing the inclusion of information under this Act on or with invoices, which may include requiring notice to be provided by electricity vendors to specified consumers and other prescribed persons regarding the adjustments, including providing for different requirements in different circumstances and for different classes of specified consumers.
5. Governing the inclusion of information about the clean energy adjustment and any other matters provided for under this Act on or with invoices issued to specified consumers, including the form that the information must take and the form of the invoices and the form of any notice to be provided to the specified consumer under this Act.
6. Governing the manner by which invoices or notices provided for under this Act are to be provided to specified consumers and other prescribed persons.
7. Providing for a right of compensation for investment interest owners affected by a breach under section 29 and the manner in which such a right may be enforced under this Act.
8. Prescribing the time within which any action required by this Act may be required to be done.
9. Providing for such other matters as the Lieutenant Governor in Council considers advisable to carry out the purpose of this Act.

Limitation

(2) Despite subsection (1) or any other Act, no regulation under this Act shall have the effect of reducing, impairing, postponing or terminating the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or impairing or postponing the invoicing, collection, remittance or recovery of the clean energy adjustment.

PART VIII
AMENDMENTS TO OTHER ACTS

Electricity Act, 1998

42 (1) Subsection 6 (1) of the *Electricity Act, 1998* is amended by adding the following clause:

(q.1) to exercise the powers and rights and to perform the duties and obligations assigned to it under the *Ontario Fair Hydro Plan Act, 2017* and to engage in activities to facilitate the implementation of the *Ontario Fair Hydro Plan Act, 2017*, including,

(i) entering into agreements or arrangements with any person for the purposes of the *Ontario Fair Hydro Plan Act, 2017*,

(ii) engaging in activities related to making payments to and receiving payments as contemplated under the *Ontario Fair Hydro Plan Act, 2017* and related settlement activities,

(iii) engaging in activities related to the transfer and administration of the regulatory asset created under the *Ontario Fair Hydro Plan Act, 2017*, which activities may include,

(A) incurring liabilities in relation to the regulatory asset,

(B) transferring the regulatory asset under section 26 of the *Ontario Fair Hydro Plan Act, 2017* for consideration, and

(C) acting as a recovery agent under the *Ontario Fair Hydro Plan Act, 2017*;

(2) Subsection 25.33 (1) of the Act is amended by striking out "and" at the end of clause (a), by adding "and" at the end of clause (b) and by adding the following clause:

(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*.

(3) Subsection 25.33 (2) of the Act is amended by striking out "and" at the end of clause (a), by adding "and" at the end of clause (b) and by adding the following clause:

(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*.

(4) Clause 25.33 (4) (b) of the Act is amended by adding "or as may be required by a regulation made under this Act or the *Ontario Fair Hydro Plan Act, 2017*" at the end.

(5) Subsection 25.33 (5) of the Act is amended by adding "or under the *Ontario Fair Hydro Plan Act, 2017*" at the end.

(6) Section 53.1 of the Act is amended by adding the following subsections:

Same, *Ontario Fair Hydro Plan Act, 2017*

(1.1) In addition to the objects mentioned in subsection (1), the objects of Ontario Power Generation Inc. include exercising the powers and rights and performing the duties and obligations assigned to it under the *Ontario Fair Hydro Plan Act, 2017* and engaging in activities to facilitate the implementation of that Act, including entering into contracts and undertakings on behalf of financing entities and performing other services on behalf of financing entities, subject to the right to be paid by the financing entities for those services.

Subsidiaries, etc.

(1.2) Ontario Power Generation Inc. may create or invest in one or more subsidiaries, trusts, partnerships, limited partnerships or special purpose entities in order to more efficiently conduct its activities or achieve its objects.

Deemed assets, non-subsidiary

(1.3) Despite any other provision of this Act, the *Business Corporations Act* or any other Act, if a financing entity is not a subsidiary of Ontario Power Generation Inc.,

(a) the assets and liabilities of the financing entity shall not form part of the assets and liabilities of Ontario Power Generation Inc. or any of its subsidiaries; and

(b) the assets and liabilities of Ontario Power Generation Inc. or any of its subsidiaries shall not form part of the assets and liabilities of the financing entity.

Deemed assets, subsidiary

(1.4) Despite any other provision of this Act, the *Business Corporations Act* or any other Act, if a financing entity is a subsidiary of Ontario Power Generation Inc.,

(a) the assets and liabilities of that financing entity shall not form part of the assets and liabilities of Ontario Power Generation Inc. or any of its other subsidiaries; and

(b) the assets and liabilities of Ontario Power Generation Inc. or any of its other subsidiaries shall not form part of the assets and liabilities of that financing entity.

Definition, financing entity

(1.5) For the purposes of this section,

"financing entity" has the same meaning as in the *Ontario Fair Hydro Plan Act, 2017.*

Ontario Energy Board Act, 1998

43 (1) Subsection 70 (2.1) of the *Ontario Energy Board Act, 1998* is amended by adding the following paragraph:

4. The licensee is required to comply with the *Ontario Fair Hydro Plan Act, 2017.*

(2) Section 70 of the Act is amended by adding the following subsection:

Deemed condition of licences, unit sub-meter provider, *Ontario Fair Hydro Plan Act, 2017*

(2.4) Every licence issued to a unit sub-meter provider is deemed to contain the condition that the unit sub-meter provider is required to comply with the *Ontario Fair Hydro Plan Act, 2017* and the regulations made under it.

(3) Section 78.1 of the Act is amended by adding the following subsections:

Same, limitation re Ontario Power Generation Inc.

(3) The determination of a payment to Ontario Power Generation Inc. under this section shall not include any consideration of amounts related to activities of Ontario Power Generation Inc. carried out in relation to the *Ontario Fair Hydro Plan Act, 2017*.

Same

(3.1) The amounts referred to in subsection (3) include, without limitation, the following:

1. Amounts related to the appointment of Ontario Power Generation Inc. as the Financial Services Manager under the *Ontario Fair Hydro Plan Act, 2017*.
2. Amounts related to the charging of fees for performing duties as the Financial Services Manager.
3. Amounts related to exercising the powers and performing the duties of the Financial Services Manager.
4. Amounts related to the consolidation of the assets and liabilities for accounting purposes of any special purpose financing entities established under and for the purposes of that Act.

(4) Subsection 79.16 (3) of the Act is repealed.

PART IX
COMMENCEMENT AND SHORT TITLE

Commencement

44 This Schedule comes into force on the day the *Fair Hydro Act, 2017 receives* Royal Assent.

Short title

45 The short title of the Act set out in this Schedule is the *Ontario Fair Hydro Plan Act, 2017*.

SCHEDULE 2
AMENDMENTS TO THE ONTARIO ENERGY BOARD ACT, 1998

1 (1) Subsection 79 (4) of the *Ontario Energy Board Act, 1998* is repealed and the following substituted:

Liability

(4) All consumers are required, in accordance with the regulations, to contribute towards the amount of any compensation required under subsection (3) that is not otherwise provided under subsection (4.1).

Payments for certain classes

(4.1) Compensation required under subsection (3) may be provided with respect to one or more prescribed classes of consumers who receive rate protection under this section, in a manner provided for in the regulations.

Money appropriated by the Legislature

(4.2) The compensation provided for in subsection (4.1) shall be paid for out of the money appropriated for those purposes by the Legislature.

Information, etc.

(4.3) If provided for in the regulations, the Board, the IESO and distributors, or any of them, shall provide such information and reports to the Ministry of Energy and to one another as are necessary to facilitate the implementation, administration, funding and delivery of the rate protection or of anything else provided for in this section.

(2) Clause 79 (5) (e) of the Act is repealed and the following substituted:

(e) prescribing rules respecting the amounts that must be collected to compensate distributors, taking into account any compensation provided under subsection (4.1), including rules,

(i) respecting the calculation of those amounts,

(ii) respecting the calculation of any off-set to the liability of consumers under subsection (3) having regard to those amounts,

(iii) establishing the time and manner of collection,

(iv) requiring the amounts to be paid in instalments and requiring the payment of interest or penalties on late payments,

(v) prescribing methods of ensuring that the amounts required cannot be bypassed, and

(vi) respecting the distribution of those amounts to consumers;

(e.1) prescribing classes of consumers for the purposes of subsection (4.1), and governing how and when the compensation is to be provided with respect to the rate protection provided to them, including, without restricting the generality of the foregoing, requiring the IESO to receive payments or amounts from the Minister of Energy and to make payments to licensed distributors or to prescribed persons and prescribing how and when payments are to be made;

2 Section 79.2 of the Act is repealed and the following substituted:

Rate assistance

79.2 (1) The Minister shall make provision for rate assistance for rate-assisted consumers having regard to their economic circumstances, and where the Minister makes such provision, shall do so out of the money provided for in subsection (4).

OESP

(2) The program known as the "Ontario Electricity Support Program" in English and "Programme ontarien d'aide relative aux frais d'électricité" in French is continued for the purpose of providing rate assistance to rate-assisted consumers having regard to their economic circumstances.

Administered by Board

(3) The Ontario Electricity Support Program shall be administered by the Board, or when the regulations so provide, by a Minister of the Crown or other entity provided for in the regulations.

Money appropriated by the Legislature

(4) The money required for the purposes of the Ontario Electricity Support Program shall be paid out of the money appropriated for those purposes by the Legislature, once the amounts recorded in the variance account referred to in subsection (5) are no longer sufficient to provide for the funding of the program when taken on their own.

Variance account

(5) The money required for the purposes of the Ontario Electricity Support Program shall be provided out of the credit balance in the variance account maintained by the IESO under the Program as it existed before the coming into force of

section 2 of Schedule 2 to the *Fair Hydro Act, 2017* until the amounts recorded in the account are no longer sufficient, when taken on their own, to fund the Program.

Variance account depleted

(6) The IESO shall provide the Ministry of Energy with advance notice, on a timely basis, of the time the IESO estimates that the amounts reflected in the variance account would be less than the amount required to meet its obligations related to funding the Ontario Electricity Support Program for the upcoming month.

How provided

(7) Rate assistance provided under this section shall be provided with respect to consumers prescribed in the regulations, and shall be provided at the times provided for in the regulations and in the amounts and in the manner provided for in the regulations.

Payments with respect to prior use

(8) The regulations may require provision of rate assistance to prescribed classes of rate-assisted consumers with respect to electricity consumed during a period prior to the date of the making of the regulation, but no such rate assistance shall be required under the regulations with respect to electricity consumed before January 1, 2016.

Transitional

(9) The regulations may require the provision of rate assistance for a rate-assisted consumer with respect to a period prior to the date on which the consumer became a rate-assisted consumer if the consumer meets all of the criteria prescribed by the regulations.

Distributors, etc.

(10) A distributor, a unit sub-meter provider and any other person or entity that may be prescribed is entitled to be compensated from the money referred to in subsection (4) or (5), as the case may be, for any lost revenue resulting from the provision of rate assistance under the Ontario Electricity Support Program.

Deemed licence conditions, IESO, settlements, payments, etc.

(11) Every licence issued to the IESO, a distributor or unit sub-meter provider or a retailer of electricity shall be deemed to contain conditions requiring the licensee to do anything necessary to implement and administer the provision of rate assistance under this section as may be required by the regulations or the Board, including requirements with respect to,

(a) making payments to the IESO, distributors, unit sub-meter providers and other persons and entities identified by the regulations;

(b) receiving payments or other amounts from the IESO, distributors, unit sub-meter providers and other persons and entities identified by the Minister;

(c) requiring licensees to pass any rate assistance provided for under this section through to rate-assisted consumers in the manner provided for in the regulations;

(d) engaging in settlement activities;

(e) providing information to and receiving information from the Ministry of Energy, the Board, the IESO, distributors, unit sub-meter providers, retailers of electricity and any other prescribed persons and entities in the time and in the manner provided for by the Board or as may be prescribed; and

(f) entering into agreements or arrangements with licensees and other persons.

Information, etc.

(12) If provided for in the regulations, the Board, the IESO, distributors, retailers of electricity and unit sub-meter providers, or any of them, shall provide such information and reports to the Ministry of Energy and to one another as are necessary to facilitate the implementation, administration, funding and delivery of rate-assistance or of anything else required under this section.

Conflicts, etc.

(13) Where any conflict exists between an order of the Board, a code issued by the Board or a licence condition and this section or a regulation made under this section, this section or the regulation made under this section shall prevail to the extent of the conflict.

Regulations

(14**)** The Lieutenant Governor in Council may make regulations governing anything dealt with in this section and without limiting the generality of the foregoing, may make regulations,

(a) governing anything that is described in this section as being prescribed or as being provided for in the regulations or that is required to be done in accordance with the regulations;

(b) governing the time or times at which rate assistance shall be paid or become payable to rate-assisted consumers;

(c) governing the determination of classes of consumers who are rate-assisted consumers, including providing for different classes of rate-assisted consumers;

(d) requiring that certain costs and expenditures related to the Ontario Electricity Support Program be only incurred with the prior approval of the Minister, and governing those costs and expenditures;

(e) establishing rules for the calculation of the amount of the rate assistance to be provided;

(f) governing payments under this section, including determining the method or methods of calculating the amount of rate assistance to be provided;

(g) setting maximum amounts of the total annual value of rate assistance that may be provided;

(h) requiring a distributor, the IESO or a unit sub-meter provider or other prescribed person or entity to make or receive payments in respect of rate assistance, including requiring them to make or receive payments directly to or from the Ministry of Energy or to receive overpayments directly or indirectly from consumers or other persons entitled to receive the rate assistance and prescribing the circumstances in which such payments are to be made and received and such overpayments are to be received as well as methods for determining the amounts payable or to be received;

(i) requiring the IESO to receive payments from the Minister and requiring the IESO to make payments to the Board, to licensed distributors, to unit sub-meter providers or to prescribed persons, in respect of the rate assistance provided under this section and governing methods for determining the amounts payable;

(j) governing the Board's or other prescribed entity's administration and program-related costs in administering the Ontario Electricity Support Program;

(k) governing transitional matters arising from the changes made to the Ontario Electricity Support Program as a result of the enactment of the *Fair Hydro Act, 2017*.

Retroactivity

(15) A regulation made under this section is, if it so provides, effective with reference to a period before it is filed.

General or particular

(16) A regulation under this section may be general or particular in application, may provide for different classes of persons and entities and may prescribe different rules for different persons or entities or different classes of persons or entities.

Verification of eligibility

(17) Section 11 of the *Ministry of Revenue Act* applies with respect to the Ontario Electricity Support Program as a government assistance program administered by the Board.

Definitions

(18) In this section,

"Government assistance program" has the meaning provided for in subsection 11 (2) of the *Ministry of Revenue Act*; ("programme d'aide gouvernementale")

"rate-assisted consumer" means a consumer referred to in subsection (7). ("consommateur admissible à l'aide tarifaire")

3 The Act is amended by adding the following section:

Confidentiality, information sharing, etc.

79.2.1 (1) For the purposes of section 79.2, the Board or the Minister or entity having responsibility for administering the Ontario Electricity Support Program may enter into an agreement with the Minister of Community and Social Services to provide the services to the public listed in subsection (2) on behalf of the Board, Minister or the entity, as the case may be, in relation to the administration of the Ontario Electricity Support Program.

Agreement, etc.

(2) The services that may be included in an agreement referred to in subsection (1) are the following:

1. Providing documents and information about the Ontario Electricity Support Program.
2. Processing applications for the Ontario Electricity Support Program.

Arrangements with others

(3) The Minister of Community and Social Services may arrange with another person or entity to provide, on behalf of that Minister, services that that Minister is authorized to provide under an agreement referred to in subsection (1).

Personal information

(4) The Minister of Community and Social Services is authorized to collect, use, disclose and retain personal information necessary to provide the services authorized by an agreement referred to in subsection (1), but shall not collect, use, disclose or retain more personal information than is reasonably necessary to provide the services.

Limitation

(5) Except where otherwise authorized under subsection (7), the Minister of Community and Social Services shall not collect, use, disclose or retain personal information provided for in subsection (4) without the consent of the individual to whom the information relates.

Duty to transfer personal information

(6) The Minister of Community and Social Services shall transfer an individual's personal information provided for in subsection (4) into the control of the Board, Minister or entity responsible for administering the Ontario Electricity Support Program promptly after processing an application for the Ontario Electricity Support Program, but may retain such personal information as is reasonably necessary to confirm that an individual has been provided a service.

Use of personal information, etc.

(7) The Minister of Community and Social Services may use personal information maintained by that Minister in connection with the administration of the Ontario Disability Support Program and the program established pursuant to the *Ontario Works Act, 1997*, for the purpose of identifying and contacting individuals eligible for the rate assistance provided under the Ontario Electricity Support Program, and to provide services authorized under an agreement referred to in subsection (1).

Deemed compliance

(8) The use of personal information as allowed by subsection (7) is deemed to comply with section 41 of the *Freedom of Information and Protection of Privacy Act*.

Disclosure of list

(9) In order to assist the Minister of Community and Social Services to identify individuals eligible for rate assistance, the Board or the Minister or entity having responsibility for administering the Ontario Electricity Support Program shall, as soon as practicable after the coming into force of this section, disclose to the Minister of Community and Social Services a list of individuals who are enrolled in the Ontario Electricity Support Program, together with their mailing address and other contact information.

Use of list

(10) The Minister of Community and Social Services may use the information on the list provided under subsection (9) to determine whether an individual who is currently enrolled in the Ontario Disability Support Program or the program established under the *Ontario Works Act, 1997* is also enrolled in the Ontario Electricity Support Program.

Destruction of list

(11) The Minister of Community and Social Services shall destroy the list provided under subsection (9) no later than one year after receiving the list.

Notification about the management of personal information

(12) The Minister of Community and Social Services shall ensure that a notice is published on a website describing,

(a) the purpose for which that Minister collects, uses, discloses and retains personal information in connection with the Ontario Electricity Support Program;

(b) the types of personal information that may be collected, used, disclosed and retained in connection with the Ontario Electricity Support Program, and the circumstances in which the personal information may be collected, used, disclosed and retained in connection with that Program; and

(c) the title, and contact information, including an email address, of an employee who can answer an individual's questions about the use of the personal information under this section.

4 The Act is amended by adding the following sections:

Distribution rate-protected consumers

79.3 (1) The Minister shall provide for distribution rate protection to distribution rate-protected residential consumers having regard to the costs of the distribution of electricity to such consumers with respect to electricity consumed on or after the date prescribed by the regulations.

Money appropriated by the Legislature

(2) The money required for the purposes of the provision of distribution rate protection under this section shall be paid out of the money appropriated for those purposes by the Legislature.

Maximum charge

(3) Despite any order of the Board, or anything else under this Act, where the regulations so provide, a prescribed distributor who distributes electricity to distribution rate-protected residential consumers shall not charge those consumers, or a prescribed class of those consumers, any amount for monthly base distribution charges more than,

(a) the maximum amount for the charge that is provided for in the regulations; or

(b) the amount determined by the Board after applying any calculations, processes or methods provided for in the regulations.

Distributors

(4) A distributor who is prescribed under this section is entitled to be compensated from the money referred to in subsection (2) for lost revenue resulting from the provision of the distribution rate protection to distribution rate-protected residential consumers under this section.

Information, etc.

(5) If provided for in the regulations, the Board, the IESO and distributors, or any of them shall provide such information and reports to the Ministry of Energy and to one another as are necessary to facilitate the implementation, administration, funding and delivery of distribution rate protection or of anything else required under this section.

Limitation periods for distribution rate protection, consumer

(6) Despite any past entitlement of a consumer who is eligible to distribution rate protection under this section, no distribution rate protection is payable to a consumer after a limitation period prescribed by the regulations in respect of the consumer, other than in such circumstances as may be prescribed by the regulations.

Limitation, reimbursement of distributor, etc.

(7) Despite any requirement under this Act to reimburse a prescribed distributor or other person for distribution rate protection provided by them to distribution rate-protected residential consumers under this section, no amounts for reimbursement are payable to the prescribed distributor or other person after a limitation period prescribed by the regulations in respect of the prescribed distributor or other person, where such reimbursement is based on a consumer's past entitlement under this section which has not yet been paid or reimbursed under this section, other than in such circumstances as may be prescribed by the regulations.

Transitional

(8) If, for technical or operational reasons, a distributor referred to in subsection (3) is unable to adapt its invoices to comply with this section and the regulations by the time it issues its first invoice for electricity consumed after the prescribed date in respect of an account of a consumer who is eligible for distribution rate protection under this section,

(a) the distributor shall adapt its invoices as soon as possible and, in any event, no later than a date prescribed in the regulations; and

(b) consumers continue to be entitled to receive the distribution rate protection to which they are entitled under this Act and may receive it as a lump sum credit on the invoice for the first billing period after the invoices have been adapted or by such other means as may be prescribed by the regulations.

Regulations

(9) The Lieutenant Governor in Council may make regulations,

(a) prescribing consumers or classes of consumers as distribution rate-protected residential consumers for the purposes of this section;

(b) prescribing dates for the purposes of subsections (1) and (8);

(c) prescribing distributors for the purposes of this section;

(d) governing anything that is described in this section as being prescribed or as being provided for in the regulations or that is required to be done in accordance with the regulations;

(e) governing the provision of distribution rate protection by the Minister in respect of distribution rate-protected residential consumers under this section including determining the method or methods of calculating the amount of rate protection to be provided;

(f) requiring the IESO to receive payments from the Minister and to make payments to licensed distributors, or to persons prescribed by the regulations, in respect of the distribution rate protection provided for under this section and prescribing methods for determining the amounts payable to distributors or distribution rate-protected residential consumers in respect of that protection.

Interpretation

(10) In this section,

"distribution rate-protected residential consumer" has the meaning provided for in the regulations; ("consommateur résidentiel protégé contre les frais de distribution")

"monthly base distribution charges" has the meaning provided for in the regulations. ("frais de distribution mensuels de base")

Delivery credit for on-reserve consumers

79.4 (1) The Minister shall provide a delivery credit to on-reserve consumers who meet the criteria prescribed under this section with respect to electricity consumed on or after the date prescribed by the regulations.

Money appropriated by the Legislature

(2) The money required for the purposes of the provision of the credits required under this section shall be paid out of the money appropriated for those purposes by the Legislature.

Eligible costs

(3) The eligible costs for the delivery credit referred to in subsection (1) are,

(a) the sum of the following charges for which the consumer would otherwise be liable,

(i) all variable and fixed distribution charges,

(ii) all charges based on the retail transmission network service rate,

(iii) all charges based on the retail transmission connection service rate,

(iv) all charges related to losses incurred in the distribution of electricity, except for such amounts that are included in regulatory charges provided for in the regulations, and

(v) any other charges that may be prescribed in the regulations; or

(b) where no separate charges for delivery are provided for by the distributor or other person or entity that may be prescribed in the regulations, the monthly service charge or such other amount as may be prescribed for or in respect of a prescribed distributor.

Delivery credit

(4) A distributor, person or entity shall, unless the regulations provide otherwise, provide the delivery credit referred to in subsection (1) by crediting the account of an on-reserve consumer.

Same

(5) The regulations may require that distributors and any other persons or entities provide a delivery credit to an on-reserve consumer who is entitled to a delivery credit under subsection (1) in such manner or in accordance with such methods as may be prescribed.

Same

(6) A distributor or any person or entity as may be prescribed is entitled to be compensated from the money referred to in subsection (2) for any lost revenue resulting from the provision of the delivery credits under this section.

Information, etc.

(7) If provided for in the regulations, the Board, the IESO and distributors, and other persons or entities, or any of them, shall provide such information and reports to the Ministry of Energy and to one another as are necessary to facilitate the implementation, administration, funding and delivery of the delivery credits or of anything else required under this section.

Limitation periods for delivery credit, consumer

(8) Despite any past entitlement of an on-reserve consumer who is eligible for a delivery credit under this section, no delivery credit is payable to an on-reserve consumer after a limitation period prescribed by the regulations in respect of the on-reserve consumer, other than in such circumstances as may be prescribed by the regulations.

Limitation, reimbursement of distributor, etc.

(9) Despite any requirement under this Act to reimburse a distributor or other persons or entities for delivery credits provided by them to on-reserve consumers under this section, no amounts for reimbursement are payable to the distributor or other persons or entities after a limitation period prescribed by the regulations in respect of the distributor or other persons or entities, where such reimbursement is based on an on-reserve consumer's past entitlement under this section which has not yet been paid or reimbursed under this section, other than in such circumstances as may be prescribed by the regulations.

Transitional

(10) If, for technical or operational reasons, a distributor referred to in subsection (4) is unable to adapt its invoices to comply with this section and the regulations by the time it issues its first invoice for electricity consumed after the prescribed date in respect of an eligible account,

(a) the distributor shall adapt its invoices as soon as possible and, in any event, no later than a date prescribed in the regulations; and

(b) on-reserve consumers continue to be entitled to receive the delivery credit to which they are entitled under this Act and may receive it as a lump sum credit on the invoice for the first billing period after the invoices have been adapted or by such other means as may be prescribed by the regulations.

Regulations

(11) The Lieutenant Governor in Council may make regulations,

(a) governing who is an on-reserve consumer for the purposes of this section and, without limiting the generality of the foregoing, may provide that consumers who occupy certain areas are on-reserve consumers, and may do so without regard to whether those areas constitute a "reserve" under any other Act or law;

(b) prescribing dates for the purposes of subsections (1) and (10);

(c) governing provision of the delivery credits provided to on-reserve consumers under this section and, without restricting the generality of the foregoing, governing anything that under this section is to be prescribed or provided for in the regulations, or that is to be done in accordance with the regulations;

(d) determining the method or methods of calculating the amount of the delivery credits to be provided by the Minister in respect of on-reserve consumers under this section;

(e) requiring the IESO to make and receive payments to and from the Minister and to make payments to licensed distributors, or to persons prescribed by the regulations, in respect of the delivery credits provided for under this section and prescribing methods for determining the amounts payable to distributors or on-reserve consumers in respect of the credits provided.

Interpretation

(12) In this section,

"on-reserve consumer" has the meaning provided for in the regulations.

Application

79.5 Sections 79.6 through 79.11 apply to the programs provided for under sections 79, 79.2, 79.3 and 79.4 to the extent that they are funded by money appropriated for those purposes by the Legislature.

Definition

79.6 In sections 79.7 to 79.11,

"Finance Minister" means the Minister of Finance or such other member of the Executive Council to whom the administration of those sections is assigned under the *Executive Council Act*.

Records

79.7 (1) Every distributor and every other person prescribed by regulation shall keep at a location in Ontario such records as are necessary to determine and verify compliance with sections 79, 79.2, 79.3 and 79.4 and the regulations associated with them and any records required by those regulations to be kept.

Electronic records

(2) If a person keeps records in an electronic form, the person shall ensure that, from the time the records are first made and for as long as they are required to be retained,

(a) they remain complete and unaltered, apart from any changes or additions made in the normal course of communication, storage or display; and

(b) they are capable of being printed and of being produced in electronically readable format for inspection, examination or audit.

Retention of records

(3) Records required to be kept under subsection (1) shall not be destroyed unless authorization has been given in writing by the Finance Minister.

Offence

(4) Every person who fails to keep records in accordance with this section is guilty of an offence and, on conviction, is liable to a fine of not less than $50 and not more than $5,000.

Inspections and inquiries

79.8 (1) The Finance Minister may appoint one or more inspectors who are authorized to exercise any of the powers and perform any of the duties of a person authorized by the Minister under subsection 31 (1) of the *Retail Sales Tax Act* for any purpose related to the administration and enforcement of sections 79, 79.2, 79.3 and 79.4 of this Act.

Same

(2) Subsections 31 (1), (2), (2.1) and (2.2) of the *Retail Sales Tax Act* apply, with necessary modifications, with respect to the administration and enforcement of sections 79, 79.2, 79.3 and 79.4 of this Act.

Admission of evidence

(3) The Finance Minister, or a person authorized by the Finance Minister, may, for any purpose related to the administration of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them, reproduce from original data stored electronically any information previously submitted as required under those sections or regulations in any form by any person, and the electronically reproduced document shall be admissible in evidence and shall have the same probative force as the original document would have had if it had been proved in the ordinary way.

Inquiry

(4) The Finance Minister may, for any purpose related to the administration of sections 79, 79.2, 79.3 and 79.4 of this Act or the regulations made in association with them, authorize any person, whether or not the person is an employee in the Ministry of the Finance Minister, to make such inquiry as the Finance Minister considers necessary with reference to anything relating to the administration of this Act or the regulations.

Copies

(5) If a book, record or other document is examined or produced under this section, the person by whom it is examined or to whom it is produced or any officer of the Ministry may make, or cause to be made, one or more copies of it, and a document purporting to be certified by the person to be a copy made pursuant to this section is admissible in evidence and has the same probative force as the original document would have if proved in the ordinary way.

Compliance

(6) No person shall hinder or molest or interfere with any person doing anything that the person is authorized by this section to do or prevent or attempt to prevent any person doing any such thing.

Same

(7) Despite any other law to the contrary, every person shall, unless the person is unable to do so, do everything the person is required by this section to do.

Administration of oaths

(8) Declarations or affidavits in connection with statements of information submitted pursuant to this section may be taken before any person having authority to administer an oath or before any person specially authorized for that purpose by the Lieutenant Governor in Council, but any person so specially authorized shall not charge any fee for doing so.

Application of *Public Inquiries Act, 2009*

(9) Section 33 of the *Public Inquiries Act, 2009* applies to an inquiry under subsection (4).

Recovery of overpayments

Definitions

79.9 (1) In this section,

"inspector" means an inspector referred to in section 79.8; ("inspecteur")

"overpayment" means an amount received by a person in excess of that to which the person is entitled under sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them. ("trop-perçu")

Notice of overpayment

(2) If it appears to an inspector that a person has received an overpayment, the Finance Minister may send a written notice to the person advising the person of the following:

1. That the person has received an overpayment.
2. The amount of the overpayment and how it was calculated.
3. The required steps to be taken by the person with respect to the overpayment.

4. The date, not more than six months after the date of the notice, by which these steps must be completed.
5. That the Finance Minister has the authority to assess the person for the amount of the overpayment, plus interest, if the person fails to complete the required steps by the specified date.

Calculation of amount of overpayment

(3) For the purposes of this section, an inspector shall calculate an overpayment or the outstanding balance of an overpayment in the manner and form and using such procedures as the Finance Minister considers adequate and expedient.

Assessment

(4) If a person fails to complete the steps required in a notice under subsection (2) within the time specified in the notice, and any additional time requested by the person and permitted by the Finance Minister, the Finance Minister may assess or reassess the amount of the overpayment, or the outstanding balance of the overpayment, based on the inspector's calculation described in subsection (3).

Penalty

(5) If the Finance Minister makes an assessment or reassessment under subsection (4) and is satisfied that the person's non-compliance with the required steps in the notice was attributable to neglect, carelessness, wilful default or fraud, the Finance Minister may assess a penalty against the person equal to the outstanding balance of the overpayment when the penalty is assessed.

Time limit

(6) The Finance Minister shall not assess or reassess under subsection (4) more than 48 months after the end of the month in which the person received the overpayment.

Exception, where misrepresentation, etc.

(7) Subsection (6) does not apply if the Finance Minister establishes that the person has made a misrepresentation that is attributable to neglect, carelessness or wilful default or has committed any fraud in supplying information under this Act or the regulations or in omitting to disclose information.

Deeming

(8) An amount assessed or reassessed by the Finance Minister under this section is deemed, for the purposes of the administration and enforcement of this Act, to be a debt retirement charge owing and payable, as defined in subsection 85 (1) of the *Electricity Act, 1998*, that has been collected, on the last day of the month in which the person received the overpayment, by the person as a collector appointed under subsection 85.3 (1) of the *Electricity Act, 1998* and, for those purposes,

(a) sections 85.11, 85.12, 85.14, 85.17 and 85.30 of that Act apply with necessary modifications;

(b) in the application of sections 85.11 and 85.14 of that Act and without limiting the generality of clause (a) of this subsection, references to the Financial Corporation are read as references to the Minister of Finance and references to the Minister of Finance are read as references to the Finance Minister as defined in section 79.6 of this Act;

(c) the regulations made under that Act for the purposes of calculating the rate or rates of interest payable under section 85.11 of that Act and the manner of calculating the amount of interest apply with necessary modifications; and

(d) sections 23 and 36, subsections 37 (1), (1.1) and (2) and sections 37.1, 38 and 39 of the *Retail Sales Tax Act* apply with necessary modifications.

Disposition of repaid amounts

(9) If all or part of an overpayment is repaid to the Finance Minister, the Minister of Energy shall make such financial arrangements and payments as may be necessary to ensure that any person entitled to all or part of the overpayment receives the appropriate amount.

Confidentiality

79.10 (1) Except as authorized by this section, no person employed by the Government of Ontario shall,

(a) knowingly communicate or knowingly allow to be communicated to any person any information obtained by or on behalf of the Minister of Energy or the Finance Minister for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them; or

(b) knowingly allow any person to inspect or to have access to any record or thing obtained by or on behalf of either Minister for the purposes of this Act.

Testimony

(2) No person employed by the Government of Ontario shall be required, in connection with any legal proceedings,

(a) to give evidence relating to any information obtained by or on behalf of the Minister of Energy or Finance Minister for the purposes of this Act; or

(b) to produce any record or thing obtained by or on behalf of either Minister for the purposes of this Act.

Exception

(3) Subsections (1) and (2) do not apply in respect of,

(a) criminal proceedings under any Act of the Parliament of Canada;

(b) proceedings in respect of the trial of any person for an offence under an Act of the Legislature; or

(c) proceedings relating to the administration or enforcement of this Act or Part V.1 or VI of the *Electricity Act, 1998*.

Communication

(4) A person employed by the Government of Ontario may, in the course of duties in connection with the administration or enforcement of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them,

(a) communicate or allow to be communicated to another person employed by the Government of Ontario in the administration or enforcement of any law or to an employee of the Board information obtained by or on behalf of either Minister for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them; and

(b) allow another person employed by the Government of Ontario in the administration or enforcement of any law or an employee of the Board to inspect or have access to any record or thing obtained by or on behalf of either Minister for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.

Reciprocal communication

(5) A person who receives information or obtains access to any record or thing under subsection (4) has a duty to communicate or furnish to that Minister on a reciprocal basis any information, record or thing obtained by the person that affects the administration or enforcement of this Act.

Use of information

(6) Any information, record or thing communicated or furnished under this section may be used only for the administration or enforcement of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them or an Act that is administered or enforced by the person receiving the information, record or thing.

Same

(7) The Finance Minister may permit information or a copy of any record or thing obtained by or on behalf of the Finance Minister for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them to be given to,

(a) the person from whom the information, record or thing was obtained;

(b) any person by whom an amount is payable or has been paid under sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them; or

(c) the legal representative of a person mentioned in clause (a) or (b) or the agent of the person authorized in writing in that behalf.

Information

(8) The Finance Minister may permit information or a copy of any record or thing obtained by or on behalf of the Finance Minister for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them to be given to any person employed by any government if,

(a) the information, record or thing obtained by that government for the purpose of any Act that imposes a tax or duty are communicated or furnished on a reciprocal basis to the Minister; and

(b) the information, record or thing will not be used for any purpose other than the administration or enforcement of a law that provides for the imposition of a tax or duty.

Offence

(9) Every person who contravenes any provision of this section is guilty of an offence and on conviction is liable to a fine of not more than $2,000.

Offences

False statements, etc., and fraud

79.11 (1) Every person who engages in any of the following acts or omissions is guilty of an offence:

1. Making, participating in, assenting to or acquiescing in the making of a false or deceptive statement in any document or answer required or submitted under sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.
2. Destroying, altering, mutilating, hiding or otherwise disposing of information or records of any person, for the purpose of evading compliance with sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.
3. Making, assenting to or acquiescing in the making of a false or deceptive entry of a material particular in a record of any person required to maintain records for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.
4. Omitting to make or assenting to or acquiescing in the omission of an entry of a material particular in a record of any person required to maintain records for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.
5. Wilfully evading or attempting to evade, in any manner, compliance with an obligation under sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.

Penalty upon conviction

(2) A person convicted of an offence under subsection (1) is liable to either or both of the following penalties in addition to any other penalty assessed under this Act:

1. A fine in an amount that is not less than $1,000 and not more than $10,000.
2. Imprisonment for a term of not more than two years.

General offence

(3) Every person who contravenes, by any act or omission, any other requirement imposed under sections 79, 79.2, 79.3 and 79.4 is guilty of an offence and, on conviction, is liable, where no other penalty is provided for the offence, to a fine of not less than $50 and not more than $5,000.

Limitation period

(4) A proceeding to prosecute an offence provided for in this section must be commenced within six years after the date on which the matter of the offence arose.

Payment of fines

(5) Fines imposed on conviction of an offence provided for in this section are payable to the Finance Minister on behalf of the Crown in right of Ontario.

Commencement

5 (1) Subject to subsection (2), this Schedule comes into force on the day the *Fair Hydro Act, 2017* receives Royal Assent.

(2) Section 2 comes into force on a day to be named by proclamation of the Lieutenant Governor.

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Office of the
Deputy Minister

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Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017.*

Under the mechanism in the proposed *Ontario Fair Hydro Plan Act, 2017*, the IESO would incur a funding shortfall as the IESO will not collect sufficient Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The IESO has requested a revolving credit facility to cover any such funding shortfalls if the financing entity to be established by OPG ("OPG SPV"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the proposed *Ontario Fair Hydro Plan Act, 2017.*

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

Ontario

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the OFA in an amount of up to $3.5 billion. Under the proposed OIC, loan(s) could be advanced during the period between the effective date of the OIC and June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to allow the OFA to provide loans to the IESO and will help to fulfil the commitments under the proposed Fair Hydro Act, 2017. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- A key element of the proposed Ontario Fair Hydro Plan Act results in the IESO incurring a funding shortfall. This funding shortfall arises because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO to sell the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset"). It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV"). The proposed legislation does not require the OPG SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset under the proposed *Ontario Fair Hydro Plan Act, 2017.* This short-term financing may also be required before the OPG SPV is operating and before it has its own financing in place to purchase the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the *Ontario Fair Hydro Plan Act, 2017* implementation. The $2 billion request from IESO is based on current data which could change in order to maintain the *Ontario Fair Hydro Plan Act, 2017* and it is proposed that the OIC authorization be $3.5 billion to ensure there is sufficient contingency in place once the implementation begins.

- For the OFA to accommodate this request, the OFA requires additional borrowing authority from the Minister of Finance to ensure that it has sufficient funds to lend hence this request for an OIC.

- The Minister of Finance will be required to provide a Directive to the OFA to direct it to make loans to the IESO in an amount not to exceed $3.5 billion.

s. 3 **Direction and Urgency**

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in implementing the proposed Fair Hydro Plan.

- Subject to the approval of the Legislature of the *Fair Hydro Act, 2017,* the Fair Hydro Plan is expected to track for Cabinet approval by end of June 2017. [What is tracking to Cabinet? Not the legislation because it has already been approved by Cabinet? Is it regulations? What else?] It is expected that this OIC also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- A related Cabinet Minute XXXXX is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

Under the mechanism in the proposed *Ontario Fair Hydro Plan Act, 2017*, the IESO would incur a funding shortfall as the IESO will not collect sufficient Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The IESO has requested a revolving credit facility to cover any such funding shortfalls if the financing entity to be established by OPG ("OPG SPV"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the proposed *Ontario Fair Hydro Plan Act, 2017.*

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will also be required.

../2

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered on June 27, 2017 together with proposed submission related to the proposed *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Ontario Financing Authority
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

From:	Salman Qadir
To:	Patrick Rundans (MOF); Sarah Harris
Cc:	Shajee Kathirgamanathan; Bruno Amara; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Monday, May 29, 2017 2:42:47 PM
Attachments:	Proposed Fair Hydro Act - b132_e - May 11 2017.pdf 3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister v2.doc CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v4.doc 2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM v2.doc

---

Hi Patrick/Sarah,

Thanks for all your comments. I've incorporated all the changes. I do want to note that the Act is called Ontario Fair Hydro Plan Act, 2017, so I've made those updates to the note.

We have not received Energy's Cabinet note but will continue to see if they can provide. Our understanding is that it is the regulations that are tracking but will double check again.

I will aim to get the package to MOF legal later today, if not, by first thing tomorrow morning.

See attached latest version.

Salman

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Friday, May 26, 2017 4:41 PM

To: Salman Qadir ; Sarah Harris

Cc: Shajee Kathirgamanathan ; Bruno Amara ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)

Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,

The MOF Legal comments on the LRC note and draft memos are attached for your review. Also attached is an updated draft of the OIC to include the amount and repayment date.

Please let us know if you have any questions.

Thanks,

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.
Thank you,
Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Legislative Assembly of Ontario

Assemblée législative de l'Ontario

2ND SESSION, 41ST LEGISLATURE, ONTARIO
66 ELIZABETH II, 2017

Bill 132

An Act to enact the Ontario Fair Hydro Plan Act, 2017 and to make amendments to the Electricity Act, 1998 and the Ontario Energy Board Act, 1998

The Hon. G. Thibeault
Minister of Energy

Government Bill

1st Reading May 11, 2017

2nd Reading

3rd Reading

Royal Assent

EXPLANATORY NOTE

The Bill enacts a new Act and makes amendments to the *Electricity Act, 1998* and the *Ontario Energy Board Act, 1998*.

SCHEDULE 1
ONTARIO FAIR HYDRO PLAN ACT, 2017

The Schedule enacts the *Ontario Fair Hydro Plan Act, 2017*. The Act establishes a framework under which the costs and benefits associated with the "clean energy initiative" are to be allocated among present and future consumers of electricity. The "clean energy initiative" is defined in Part I as consisting of the policies of the Government of Ontario related to such matters as eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies.

Under Part II, the Ontario Energy Board is required to determine reduced electricity rates and to determine other adjustments to be made for certain classes of consumers in respect of specified periods of time. For example, for the class of consumers referred to as "regulated rate consumers", the electricity rates payable for the period beginning on July 1, 2017 and ending on April 30, 2018 are the rates, as determined by the Board, that would achieve a 25 per cent reduction in certain costs for a hypothetical member of the class who meets prescribed criteria. Details regarding the determinations are prescribed by regulations.

Part III requires certain electricity consumers to pay an amount in respect of the "clean energy adjustment". The clean energy adjustment is determined by the Financial Services Manager in accordance with rules set out in the Act and the regulations. (Section 18 of the Act appoints Ontario Power Generation Inc. as the Financial Services Manager.) Part III also specifies the roles and responsibilities of electricity vendors and the Independent Electricity System Operator ("IESO") with respect to the collection and remittance of amounts in respect of the clean energy adjustment.

Part IV requires the Minister of Energy to calculate a "fair allocation amount" by taking specified steps in accordance with principles and assumptions set out in the Act. For example, the Act provides that the purpose of calculating the fair allocation amount is to measure and allocate the estimated clean energy costs and estimated clean energy benefits fairly among certain consumers. Part IV also requires the Financial Services Manager to prepare a written plan entitled the "Financing Plan", which is to be used to evaluate whether potential funding obligations should be incurred. Principles and limitations regarding the preparation and implementation of the plan are provided.

Part V requires the IESO to determine the "IESO deferral" in accordance with the regulations and to establish and maintain a variance account in which it records the IESO deferral each month. A "regulatory asset" is created under section 25; the IESO has the right to recover the balance recorded in the variance account from certain consumers. The IESO is authorized to transfer a specified portion of the regulatory asset to a financing entity; this transfer results in the creation of the investment asset and the acquisition by the transferee of a corresponding "investment interest". Various rules respecting the validity and priority of a transfer of an investment asset are set out.

In Part VI, rules in respect of the "investment asset" are provided. Section 29 provides that the investment asset constitutes a current and irrevocable property right and interest, consisting collectively of various specified rights and interests of investment interest owners. Rules respecting the validity and priority of such a transfer and the granting of a security interest by an investment interest owner are included.

Part VII deals with various miscellaneous matters, including regulation-making authority of the Lieutenant Governor in Council.

The *Electricity Act, 1998* and the *Ontario Energy Board Act, 1998* are amended to address various matters relating to the enactment of the new Act. For example, the objects of the IESO and Ontario Power Generation Inc. are expanded to address powers and duties under the new Act.

SCHEDULE 2
AMENDMENTS TO THE ONTARIO ENERGY BOARD ACT, 1998

The *Ontario Energy Board Act, 1998* is amended. Among the amendments:

1. Section 79 of the Act is amended so that compensation for the rate protection provided to certain classes of rural or remote consumers may be funded out of money appropriated by the Legislature, rather than by consumers.
2. Section 79.2 of the Act, which governs the Ontario Electricity Support Program, is repealed and replaced. The program is continued, but will be funded out of money appropriated by the Legislature after the variance account maintained by the Independent Electricity System Operator, formerly established under the Plan, is exhausted, rather than by consumers. There are provisions relating to the sharing, use and disclosure of information relating to the administration of the Ontario Electricity Support Program.

3. Programs are established to aid certain distribution rate-protected residential consumers and on-reserve consumers.
4. Various amendments of a technical and administrative nature are made to support the implementation and oversight of these programs including provisions related to auditing, record-keeping, inspections and inquiries, offences and penalties.

Bill 132 **2017**

An Act to enact the Ontario Fair Hydro Plan Act, 2017 and to make amendments to the Electricity Act, 1998 and the Ontario Energy Board Act, 1998

Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

Contents of this Act

1 This Act consists of this section, sections 2 and 3 and the Schedules to this Act.

Commencement

2 (1) Subject to subsections (2) and (3), this Act comes into force on the day it receives Royal Assent.

(2) The Schedules to this Act come into force as provided in each Schedule.

(3) If a Schedule to this Act provides that any of its provisions are to come into force on a day to be named by proclamation of the Lieutenant Governor, a proclamation may apply to one or more of those provisions, and proclamations may be issued at different times with respect to any of those provisions.

Short title

3 The short title of this Act is the *Fair Hydro Act, 2017*.

SCHEDULE 1
ONTARIO FAIR HYDRO PLAN ACT, 2017

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Preamble

The Government of Ontario is committed to fostering the development of a clean, modern and reliable electricity system with a diverse supply mix. The Government is also committed to removing barriers to and promoting opportunities for renewable and clean energy projects. These commitments can only be achieved if costs are shared fairly among consumers, today and in the future.

Electricity rates have risen for two key reasons. First, decades of under-investment in the electricity system resulted in the need to invest more than $50 billion in generation, transmission and distribution assets to ensure the system is clean and reliable. Second, the decision to eliminate Ontario's use of coal and produce clean, renewable power has created additional costs.

The actions taken to achieve a clean, modern and reliable electricity system have resulted in significant costs to residential consumers. The burden of financing these system improvements and funding key programs has unfairly fallen almost entirely on the shoulders of those consumers.

The Government of Ontario is committed to ensuring that the costs of financing these investments and the associated charges to consumers are allocated fairly among present and future generations.

Recognizing that the electricity infrastructure that has been built and the policy decisions that have been made will create benefits for years to come, costs should be allocated fairly over time, so that residential consumers in the future pay their fair share for the benefits that they receive from the investments already made.

PART I
GENERAL

Interpretation

Definitions

1 (1) In this Act,

"Board" means the Ontario Energy Board; ("Commission")

"clean energy adjustment" means the amount determined under section 15 and payable by specified consumers; ("ajustement pour l'énergie propre")

"clean energy benefits" means the value of the benefits determined to be derived by or accruing to specified consumers as a result of the clean energy initiative, including as a result of clean energy costs; ("avantages de l'énergie propre")

"clean energy costs" means the value of the costs allocated to specified consumers as a result of the clean energy initiative, including as a result of past, present and expected costs incurred in respect of,

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* or any provision that is the successor to that provision, which relate to contracts or amounts for,

(i) renewable energy generation or capacity,

(ii) conservation and demand management,

(iii) energy storage,

(iv) energy efficiency,

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed,

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*, and

(c) such other costs or estimated costs as may be prescribed; ("coûts de l'énergie propre")

"clean energy initiative" means the policies of the Government of Ontario related to,

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,

(c) promoting conservation, demand management and energy efficiency, and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system; ("initiative pour l'énergie propre")

"electricity vendor" means,

(a) a licensed distributor,

(b) a licensed retailer,

(c) the IESO in circumstances where it directly invoices a specified consumer for electricity used in Ontario, or

(d) such other person as may be prescribed; ("vendeur d'électricité")

"fair allocation amount" means an amount calculated under section 20; ("montant de répartition équitable")

"finance amount" means the finance amount determined in accordance with the regulations; ("montant de financement")

"Financial Services Manager" means the Financial Services Manager appointed under section 18; ("gestionnaire des services financiers")

"financing entity" means an entity established or caused to be established by the Financial Services Manager as described in subsection 22 (2); ("entité de financement")

"Financing Plan" means the plan prepared under section 21; ("Plan de financement")

"funding obligation" means a payment obligation incurred by or on behalf of an investment interest owner to fund its ownership of an investment interest or a payment obligation that meets such other criteria as may be prescribed; ("obligation de financement")

"funding rebate" means a payment obligation incurred by the IESO as part of the transfer of the regulatory asset; ("remboursement de financement")

"IESO" means the Independent Electricity System Operator continued under Part II of the *Electricity Act, 1998*; ("SIERE")

"IESO deferral" means the amount determined under section 23; ("report de la SIERE")

"investment asset" means the rights and interests described in section 29; ("actif d'investissement")

"investment interest" means,

(a) an ownership interest in the investment asset, and

(b) in circumstances where the ownership interest is transferred, the rights and benefits specified in the agreement under which the interest is transferred; ("participation d'investissement")

"investment interest owner" means a financing entity that has acquired and holds an investment interest; ("détenteur d'une participation d'investissement")

"licensed distributor" means a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a distribution system within the meaning of that Act; ("distributeur titulaire d'un permis")

"licensed retailer" means a person who is licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity; ("détaillant titulaire d'un permis")

"Minister" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of this Act under the *Executive Council Act*; ("ministre")

"Ontario Power Generation Inc." means the corporation incorporated as Ontario Power Generation Inc. under the *Business Corporations Act* on December 1, 1998; ("Ontario Power Generation Inc.")

"prescribed" means prescribed by the regulations; ("prescrit")

"reference period" means,

(a) the period beginning on July 1, 2017 and ending on October 31, 2017, and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed,

(i) every six-month period following the period mentioned in clause (a), or

(ii) any period shorter than six months, as may be prescribed; ("période de référence")

"refinancing" means, subject to the regulations, the incurrence of debt in connection with a redemption, repayment or repurchase of a funding obligation; ("refinancement")

"regulation" means a regulation made under this Act; ("règlement")

"regulatory asset" means the right established under section 25; ("actif réglementaire")

"specified consumer" means,

(a) a person who has an account with an electricity vendor for the supply of electricity in Ontario and meets the criteria set out in subsection (2), or

(b) such other person as may be prescribed; ("consommateur déterminé")

"transfer" includes, when used in relation to an investment interest, the assignment, conveyance, disposition or sale of the investment interest; ("transfert")

"true up amount" means a true up amount determined in accordance with the regulations; ("montant d'égalisation")

"unit sub-metering" has the same meaning as in the *Energy Consumer Protection Act, 2010;* ("activités liées aux compteurs divisionnaires d'unité")

"unit sub-meter provider" has the same meaning as in the *Energy Consumer Protection Act, 2010;* ("fournisseur de compteurs divisionnaires d'unité")

"variance account" means the variance account established by the IESO under subsection 24 (1). ("compte d'écart")

Specified consumer

(2) For the purposes of clause (a) of the definition of "specified consumer" in subsection (1), the person must meet any one of the following criteria:

1. The person has a demand for electricity of not more than 50 kilowatts, or such other amount as may be prescribed.
2. The person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed.
3. The person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22 (6) of that Act.
4. The person's account with the electricity vendor relates to,
    i. a dwelling,
    ii. a property within the meaning of the *Condominium Act, 1998*,
    iii. a residential complex within the meaning of subsection 2 (1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act, or
    iv. a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*.
5. The person satisfies such criteria as may be prescribed.

Transfer of regulatory asset

(3) In this Act, a reference to the transfer of a specified portion of the regulatory asset is a reference to the following, as provided for in subsection 26 (3):

1. A reduction in the balance in the variance account.
2. The adjustment of the regulatory asset.
3. The acquisition by a financing entity of the investment interest corresponding to the specified portion of the regulatory asset.

Effect of invalidity

2 (1) For greater certainty, all of the provisions of this Act remain in full force and effect, even if one or more provisions are held to be invalid, the intention of the Legislature being to give separate and independent effect to the extent of its powers to every provision contained in this Act.

Same, funding obligation

(2) The fact that any provision of this Act is held to be invalid or ceases to be in effect for any reason does not affect the validity or enforceability of a funding obligation incurred before the day that the provision is held to be invalid or ceases to be in effect, or any rights or obligations associated with the funding obligation.

Purposes

3 The purposes of this Act are,

(a) to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers;

(b) to recognize that clean energy benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in the Province; and

(c) to align clean energy costs with clean energy benefits, in order to provide fairness for specified consumers over time.

Crown bound

4 This Act binds the Crown.

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

PART II
FAIR ADJUSTMENT

Definition

6 In this Part,

"regulated rate consumer" means a specified consumer who meets the following criteria:

1. The consumer is a member of the class of consumers prescribed by the regulations made under the *Ontario Energy Board Act, 1998* for the purposes of subsection 79.16 (1) of that Act.
2. The consumer would, if the consumer were not subject to this Act, be invoiced the rates determined by the Board under clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*.

Regulated rate consumers, first adjustments

7 (1) Despite any order under subsection 78 (3.1) of the *Ontario Energy Board Act, 1998* and despite section 79.16 of that Act, the electricity rates payable by regulated rate consumers for the period beginning on July 1, 2017 and ending on April 30, 2018 are the rates, as determined by the Board, that would result in a hypothetical regulated rate consumer who meets the prescribed criteria being charged an invoice amount that is 25 per cent less than the invoice amount that would have been charged to that consumer under the comparison rates described in subsection (2).

Comparison rates

(2) The comparison rates are the rates that would have been effective May 1, 2017 if they had been determined by the Board solely using the method prescribed by the regulations made under clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*, without taking into account any forecasted impact of any other provisions of this Act.

Invoice amounts

(3) The types of amounts to be included or excluded in each invoice amount mentioned in subsection (1) are the types of amounts specified in the regulations.

Other specified consumers, first adjustments

8 (1) For the period beginning on July 1, 2017 and ending on April 30, 2018, the adjustments made by the IESO under section 25.33 of the *Electricity Act, 1998* shall, with respect to specified consumers who are not regulated rate consumers, be further adjusted by electricity vendors in accordance with the determinations of the Board under subsection (2).

Board to make determinations

(2) The Board shall, in accordance with the regulations, determine the adjustments to be made by electricity vendors.

Same, regulations

(3) The regulations may specify different adjustments to be made in respect of prescribed classes of specified consumers who are not regulated rate consumers.

Determinations by Board

9 The Board shall make the determinations mentioned in sections 7 and 8 no later than 15 business days after the day this section receives Royal Assent and, regardless of whether the Board makes the determinations before or after July 1, 2017, the determinations shall be effective as of July 1, 2017.

Implementation by electricity vendors

10 (1) As soon as possible after the Board makes determinations under section 9, each electricity vendor shall, in respect of electricity used on or after July 1, 2017, ensure that its invoices reflect the determinations of the Board.

Same

(2) The electricity vendor shall ensure that, if any of its customers who are specified consumers have been invoiced in a manner that does not reflect the determinations of the Board under section 9, the specified consumer receives the difference between the amounts shown on the invoice and the amounts reflecting the Board's determinations, provided as a lump sum credit on the first invoice issued after the electricity vendor has adapted its invoices or by such other means as may be prescribed.

Subsequent adjustments

11 (1) Despite clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998* and subject to subsection (2), the Lieutenant Governor in Council may prescribe the methodology to be applied by the Board after April 30, 2018 for the purpose of determining,

(a) electricity rates for regulated rate consumers; or

(b) adjustments to be applied by electricity vendors to the adjustments made by the IESO under section 25.33 of the *Electricity Act, 1998* in respect of prescribed classes of specified consumers who are not regulated rate consumers.

Limitation

(2) Any prescribed methodology shall have regard to the following:

1. The purposes of this Act.
2. The clean energy costs borne by specified consumers over time.
3. Such other matters as may be prescribed.

Sub-metering

12 (1) This section applies if a specified consumer provides to another person electricity in respect of which a determination of the Board referred to in section 9 or 11 applies.

Same

(2) If an invoice for the electricity is issued to the person by the specified consumer or a unit sub-meter provider providing unit sub-metering for the specified consumer, the amount payable for the electricity by the person who is liable to pay the invoice shall be determined in accordance with the regulations.

PART III
CLEAN ENERGY ADJUSTMENT

Specified consumers to pay

13 (1) Upon receipt of an invoice from an electricity vendor that includes an amount in respect of the clean energy adjustment, a specified consumer shall pay the amount to the electricity vendor as agent of the investment interest owners.

Same

(2) For greater certainty, subsection (1) applies regardless of,

(a) whether the clean energy adjustment was determined in a manner that was inconsistent with this Act; and

(b) whether the amount payable in respect of the clean energy adjustment relates to funding obligations that were incurred in a manner that was inconsistent with the Financing Plan, including in a manner that failed to provide for the reasonable alignment of the estimated finance amount with the fair allocation amount.

Terms

(3) The payment shall be made in accordance with such terms of payment as may be specified in the invoice, which may include terms relating to late payment fees and interest charges.

Indebtedness of specified consumer

(4) An unpaid amount that is required to be paid by a specified consumer under this section constitutes indebtedness of the specified consumer to each investment interest owner to the extent of each owner's respective interest in the investment asset.

Same

(5) The indebtedness mentioned in subsection (4) is a single and separate debt obligation owed by the specified consumer and may be enforced independently from any other payment obligation or indebtedness owing by the specified consumer.

Unit sub-metering

(6) A specified consumer who provides electricity through unit sub-metering may collect amounts in respect of the clean energy adjustment payable under this section in accordance with the regulations.

Irrevocability of amount

14 (1) An amount in respect of the clean energy adjustment shown on an invoice issued to a specified consumer under this Act is determinative of the amount of the consumer's indebtedness resulting from the clean energy adjustment and is irrevocable upon invoicing the consumer and may not be set off or bypassed.

Exception

(2) Subsection (1) does not apply to the extent that the invoice reflects a clerical, typographical or calculation-related error.

Determination of clean energy adjustment

Financial Services Manager to determine

15 (1) The Financial Services Manager shall determine the clean energy adjustment payable by all specified consumers in respect of each month in a reference period by taking the following steps:

1. Calculate the sum of the following:
    i. The estimated finance amount in respect of the reference period.
    ii. The true up amount in respect of the reference period.
2. Divide the sum calculated under paragraph 1 by the number of months in the reference period.

Regulations re true up amount

(2) The Lieutenant Governor in Council shall, in making regulations with respect to the determination of the true up amount, have regard to the following principles:

1. The true up amount should serve to ensure that the collection of the clean energy adjustment is sufficient to pay the finance amount when it is due.
2. The method for determining the true up amount should take into account historical and reasonably foreseeable,
    i. differences between the estimated and actual finance amount for the applicable reference period,
    ii. differences between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs, and
    iii. variations in billings due to variations in electricity consumption.

Financial Services Manager to notify Board

(3) The Financial Services Manager shall, in accordance with the regulations, notify the Board of the clean energy adjustment in respect of a reference period and such other information related to the determination of the clean energy adjustment as may be prescribed.

Board to determine rates

(4) Without changing the clean energy adjustment, the Board shall, in accordance with the regulations, determine the rates at which specified consumers are invoiced to recover the clean energy adjustment in respect of the reference period.

IESO to receive amounts

16 (1) The IESO shall, as agent of the investment interest owners, receive amounts in respect of the clean energy adjustment paid to it from electricity vendors in accordance with the market rules made under section 32 of the *Electricity Act, 1998* or the regulations.

Account

(2) All of the following amounts received by the IESO shall, until remitted to or for the benefit of the investment interest owners in accordance with subsection (4), be deposited promptly into an account established for the purposes of receiving those amounts:

1. Amounts described in subsection (1).
2. Payments made by specified consumers directly to the IESO as electricity vendor under subsection 13 (1).
3. Proceeds of amounts described in paragraphs 1 and 2.

Same, held in trust

(3) All amounts received by the IESO in respect of the clean energy adjustment shall, until remitted to or for the benefit of the investment interest owners, be held in trust by the IESO for the investment interest owners.

IESO to remit

(4) The IESO shall remit amounts received by it in respect of the clean energy adjustment, inclusive of interest earned on the amounts referred to in subsection (1), to or for the benefit of the investment interest owners in accordance with the regulations.

Electricity vendor to invoice specified consumers

17 (1) Each electricity vendor shall issue an invoice to each of its customers who is a specified consumer for the amount payable by the consumer in respect of the clean energy adjustment, as determined by applying the rate set by the Board under subsection 15 (4) and in accordance with the regulations.

Electricity vendor to report

(2) Each electricity vendor shall, in accordance with the regulations, promptly report to the IESO the total amount invoiced to its customers who are specified consumers in respect of the clean energy adjustment, the amount collected and such other information as may be prescribed.

Electricity vendor to collect

(3) Each electricity vendor shall, as agent of the investment interest owners, collect amounts in respect of the clean energy adjustment from specified consumers in accordance with the regulations.

Pro rating of payments

(4) If an electricity vendor receives a payment made by or on behalf of a specified consumer in respect of amounts payable under one or more invoices and the amount paid is less than the total amount payable, the electricity vendor shall allocate the payment on a pro rata basis to the clean energy adjustment and other amounts payable under the relevant invoices in respect of electricity charges in respect of the same invoice period.

Held in trust

(5) Payments received by an electricity vendor from or on behalf of specified consumers in respect of the clean energy adjustment and all proceeds of the payments shall, until remitted to the IESO for the benefit of the investment interest owners in accordance with subsection (6), be held by each electricity vendor in trust for the benefit of the investment interest owners.

Remittance to IESO

(6) Each electricity vendor shall remit amounts in respect of the clean energy adjustment to the IESO for the benefit of the investment interest owners in accordance with the regulations.

PART IV
IMPLEMENTATION

FINANCIAL SERVICES MANAGER

Appointment

18 Ontario Power Generation Inc. is appointed as the Financial Services Manager for the purposes of this Act.

Duties and powers

19 (1) The Financial Services Manager shall perform the duties assigned to it under this Act and may administer the investment asset on behalf of the investment interest owners.

Same

(2) The administration of the investment asset may include providing information to the IESO in respect of obligations under Part III and such other activities as may be prescribed.

Fees

(3) Subject to any prescribed limitations, the Financial Services Manager may establish and charge fees in relation to such matters as may be prescribed in accordance with the regulations, which regulations may provide for the ability to recover costs and expenditures and to earn a return.

Same, Board approval

(4) Before establishing fees under subsection (3), the Financial Services Manager shall submit them to the Board for approval in accordance with the regulations.

FAIR ALLOCATION AMOUNT

Minister to calculate fair allocation amount

20 (1) Subject to subsections (2) and (3), before the first funding obligation is incurred the Minister shall calculate a fair allocation amount in respect of each reference period, applying such method as the Minister considers appropriate and in accordance with the following steps:

1. Determine the estimated clean energy costs and estimated clean energy benefits allocated to specified consumers in respect of the reference period.
2. Determine the estimated reduction in the amounts payable by specified consumers as a result of determinations of the Board under Part II in respect of all previous reference periods, including the estimated reduction in clean energy costs described in clause (a) of the definition of "clean energy costs" in subsection 1 (1) that would otherwise have been payable by specified consumers in the absence of this Act.
3. Determine the amount, if any, by which the determination under paragraph 1 exceeds the determination under paragraph 2.
4. Calculate the sum of the amount determined under paragraph 3 and such other amounts as may be prescribed.

Principles

(2) In calculating the fair allocation amount, the Minister shall have regard to the following principles:

1. The purpose of calculating the fair allocation amount is to measure and allocate the estimated clean energy costs and estimated clean energy benefits fairly among the specified consumers in respect of each reference period.
2. Calculations should be made having regard to the need to align each fair allocation amount with the estimated finance amount payable during the reference period.
3. Estimated clean energy costs allocated to specified consumers in respect of a reference period should be allocated in proportion to the estimated clean energy benefits attributed to the specified consumers in respect of the reference period.
4. Such other principles as may be prescribed.

Assumptions

(3) In calculating the fair allocation amount, the Minister shall make such assumptions as the Minister considers to be reasonable regarding the following:

1. The time value of money or the rate of inflation, for the purpose of equating nominal amounts over time.
2. The expected number of specified consumers in respect of each reference period.
3. The expected electricity consumption rates in respect of each reference period.
4. Such other assumptions as may be prescribed.

Minister to provide amount to Financial Services Manager

(4) The Minister shall provide the fair allocation amount in respect of each reference period to the Financial Services Manager.

Recalculation

(5) A calculation of the fair allocation amount under this Part may be changed by such person as may be prescribed in accordance with such requirements as may be prescribed.

Same

(6) No change under subsection (5) shall affect any clean energy adjustment that has already been determined under section 15 or any funding obligations that have already been incurred before the change.

Information

(7) The Minister, the IESO, the Financial Services Manager, the Board and electricity vendors shall provide such information as may be prescribed in accordance with the regulations for the purposes of facilitating a change to a calculation of the fair allocation amount.

FINANCING PLAN

Financial Services Manager to prepare Financing Plan

21 (1) The Financial Services Manager shall prepare a written plan entitled the Financing Plan to be used by the Financial Services Manager to evaluate whether potential funding obligations should be incurred for the purposes of acquiring and financing an investment asset in accordance with this Act or for the purposes of a refinancing.

Plan to be provided to Minister

(2) The Financial Services Manager shall provide the Financing Plan to the Minister.

Principles

(3) In preparing the Financing Plan, the Financial Services Manager shall have regard to the following principles:

1. Funding obligations should be incurred such that, along with any funding obligations already incurred, the estimated finance amount that would, subject to any refinancing, become due and payable during a reference period will reasonably align with the fair allocation amount determined in respect of the reference period, in each case after reducing the fair allocation amount to reflect determinations of the Board under Part II in respect of the reference period.
2. Incurrences should be implemented in a manner that, in the opinion of the Financial Services Manager, is reasonable, cost effective and that reflects prevailing market terms and conditions.
3. Reasonable assumptions should be made regarding such matters as may be prescribed.
4. Such other principles as may be prescribed.

Limitation

(4) In respect of each reference period from July 1, 2017 to April 30, 2021, no funding obligation shall be incurred that would result in amounts payable in respect of the clean energy adjustment in respect of the reference period unless,

(a) the amounts are payable in respect of a reference period in respect of which the Board has not made any determinations under Part II; or

(b) if the Board has made a determination under Part II in respect of the reference period, the funding obligations incurred would not result in amounts payable in respect of the clean energy adjustment during the reference period in an amount that exceeds the limit determined in accordance with the regulations.

Other reports

(5) The Financial Services Manager shall submit to the Minister such reports and information as the Minister may require from time to time and shall, if required by the Minister to do so, examine, report and advise on any question relating to the Financing Plan.

Amendments to plan

(6) The Financial Services Manager may amend the Financing Plan at any time.

Same

(7) In the event that the Financing Plan is amended, any reference in this Act to the Financing Plan is deemed to be a reference to the plan as amended.

Incurrence of funding obligations

22 (1) The Financial Services Manager shall ensure that funding obligations incurred for the purposes of this Act are incurred in a manner that is consistent with the applicable Financing Plan.

Financing entities

(2) In accordance with the Financing Plan, the Financial Services Manager may establish or cause to be established one or more financing entities that may incur funding obligations.

Prohibition

(3) The Financial Services Manager shall not provide for funding obligations to be incurred with any recourse to any assets of an electricity vendor, the Board, Ontario Power Generation Inc., the Province or the Lieutenant Governor in Council, except to the extent that any of these persons or entities may be liable to perform obligations or duties arising under this Act or under the express terms of a funding obligation or other agreement.

Effect of amendment to fair allocation amount

(4) Each funding obligation incurred and each transfer made by a financing entity is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated finance amount with the fair allocation amount.

Same

(5) For greater certainty, subsection (4) applies despite the failure of the Financial Services Manager to comply with subsection (1).

PART V
THE REGULATORY ASSET

IESO deferral

23 (1) The IESO deferral for each month, commencing May 1, 2017, shall be determined by the IESO in accordance with the regulations.

Same, retrospective amounts

(2) For greater certainty, the regulations may provide for the IESO deferral to include an amount that was incurred by the IESO on or after May 1, 2017 and before the day this section comes into force.

Electricity vendors to provide information

(3) Electricity vendors shall provide to the IESO such information as the IESO may reasonably request for the purposes of determining the IESO deferral under subsection (1) and such further information as may be prescribed.

Same

(4) The IESO may rely on information provided by electricity vendors for the purposes of the determination under subsection (1).

Variance account to be established, maintained

24 (1) The IESO shall establish and maintain a variance account in which it records the following:

1. The IESO deferral for each month.
2. All payments received by the IESO resulting from the exercise of the right of recovery under section 25 and any transfer under section 26.
3. Such other adjustments as may be prescribed, including adjustments in respect of the period that commences on or after May 1, 2017 and before the day this section comes into force.

Recording determinative

(2) Subject to the correction of any obvious error by the IESO, its recording of the balance in the variance account is determinative of the balance as of the time of the recording.

Rights of investment interest owner

(3) No change made by the IESO to the balance in the variance account shall, if the previous balance was relied upon by an investment interest owner in the context of a transfer under section 26, affect the rights acquired by the investment interest owner under the transfer.

Regulatory asset established

25 (1) Effective May 1, 2017, the IESO has the right, exercisable in accordance with this Act and the regulations, to recover the balance recorded in the variance account from specified consumers.

Board to set rates

(2) Subject to subsection (3), the Board shall, from time to time and in accordance with the regulations, determine and set rates payable by specified consumers to allow for the IESO to recover the balance recorded in the variance account.

Limitation

(3) The IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021.

Transfer of regulatory asset

26 (1) The IESO may from time to time, in accordance with this Act and the regulations, transfer a specified portion of the regulatory asset to a financing entity in accordance with this section.

Agreement

(2) An agreement between the IESO and a financing entity in relation to the transfer of a specified portion of the regulatory asset shall provide for consideration of a payment by the financing entity to the IESO in an amount equal to the amount of the specified portion.

Effect of payment

(3) Upon receipt by the IESO of the payment by the financing entity,

(a) the balance in the variance account shall be reduced by the amount of the payment;

(b) the regulatory asset shall be adjusted accordingly;

(c) the financing entity shall acquire a corresponding investment interest; and

(d) the IESO shall retain no further right, title or interest in the corresponding investment interest.

Validity of transfer

27 (1) A transfer of a specified portion of the regulatory asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding investment interest to the transferee.

Same

(2) Without limiting subsection (1), any transfer agreement that states an intention of the parties for the IESO to dispose of a specified portion of the regulatory asset and to assign, convey or sell a corresponding investment interest shall be treated for all purposes as an absolute assignment, conveyance, disposition and sale of the IESO's right to recover the corresponding amount in the variance account and not merely as a security interest.

Deemed perfection, etc.

(3) At the time a transfer of the regulatory asset is made under section 26, the transfer shall be deemed to have been and shall be perfected, vested, valid and binding as against the transferor and all other persons who have claims of any kind against the transferor.

Priority of transfer

(4) Subsection (3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons.

PART VI
THE INVESTMENT ASSET

Investment asset established

28 (1) The transfer of a specified portion of the regulatory asset under section 26 creates an investment asset or, if it is not the first transfer, adds to the investment asset.

Same

(2) Upon transfer of a specified portion of the regulatory asset under section 26 to a financing entity, the investment asset resulting from the transfer is immediately vested in the financing entity, free and clear of any adverse claim.

Investment asset, irrevocable rights and interests

29 (1) The investment asset constitutes a current and irrevocable property right and interest consisting, collectively, of the following rights and interests of investment interest owners:

1. The right and interest to impose, invoice, collect, receive and recover the clean energy adjustment from specified consumers, including the right to determine the clean energy adjustment in accordance with this Act.
2. The right to receive, collect and recover the clean energy adjustment that is imposed, invoiced and recoverable under this Act, including any amounts in respect of the clean energy adjustment that are held by electricity vendors, the IESO and other prescribed parties.
3. All rights and entitlements under such accounts as may be prescribed by regulation and all amounts on deposit in such accounts.

4. The right to enforce the duties and obligations under this Act of each electricity vendor to impose, attribute, charge and invoice for the clean energy adjustment.
5. The right to enforce the duties and obligations under this Act of each electricity vendor and the IESO to collect, receive and remit amounts received by it in respect of the clean energy adjustment, including all collections and the proceeds of any enforcement action undertaken by any electricity vendor to recover payment of the clean energy adjustment.
6. All rights of any kind related to any of the other property rights or interests that comprise the investment interest, including any rights to receive funding rebates.
7. All revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs 1 to 6, regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Not affected by failure to impose etc. clean energy adjustment

(2) An investment interest is not affected by any failure to impose, attribute, invoice, accrue or collect amounts in respect of the clean energy adjustment.

No set off, etc.

(3) The investment asset shall not be set off,

(a) by a consumer, an electricity vendor, the IESO, an agent of the investment interest owners or an owner in the Province of a distribution system within the meaning of the *Electricity Act, 1998*;

(b) in connection with any default of a person mentioned in clause (a); or

(c) by any affiliate or successor of a person mentioned in clause (a).

Exercise of rights

(4) The rights of the investment interest owners to collect the clean energy adjustment and enforce their rights and interests in, to and in respect of the investment asset against a specified consumer shall be exercised in accordance with Part III of this Act.

Collective action required

(5) If one investment interest owner owns a right or interest in the investment asset that comprises less than the entire property right and interest constituted by the investment asset, the right or interest shall only be enforced by the investment interest owner collectively and in coordination with all other investment interest owners, and any agreement among that collective in furtherance of the collective action shall be valid and binding on the investment interest owners as a collective in accordance with its terms.

Transfer of investment interest

30 An investment interest owner may transfer all or a portion of an investment interest to any other investment interest owner, including by way of a transfer of a divided or an undivided interest, in accordance with the Financing Plan.

Validity of transfer

31 (1) A transfer of an investment interest under this Act is a valid and enforceable sale and absolute transfer of the investment interest and confers upon the transferee a valid property right and interest in, to and under the applicable investment interest acquired in accordance with the terms of the transfer.

Same

(2) Without limiting subsection (1), a transfer that by its terms is intended to constitute a sale or absolute transfer shall be treated for all purposes as an absolute transfer of an investment interest owner's right, title and interest in, to and under an investment interest, and not merely as a security interest, and upon such absolute transfer the transferor shall retain no right, title or interest in the investment interest subject to the transfer, including all rights to the investment interest arising after the transfer.

Deemed perfection, etc.

(3) At the time a transfer of an investment interest is made, the transfer shall be deemed to have been and shall be perfected as described in the *Personal Property Security Act*, vested, valid and binding as against the transferor and all other persons who have claims of any kind against the transferor.

Priority of transfer, assignment, etc.

(4) Subsection (3) applies regardless of whether the persons who have claims have received notice of the transfer, and the property rights and interests acquired by the investment interest owner shall have priority over any liens in favour of such other persons.

Investment interest owner may grant security interest

32 (1) An investment interest owner may grant a security interest over all or a specified portion of its right, title and interest in, to and under the investment interest to or in favour of any person to secure a funding obligation.

Validity

(2) A security interest granted under this Act shall be valid and enforceable in accordance with its terms.

Perfection and priority of security interests

(3) All provisions of the *Personal Property Security Act* shall apply to the investment asset and each investment interest on the basis that the investment asset and each investment interest is intangible personal property, except as otherwise provided for in this section, and any granting of a security interest by an investment interest owner to secure a funding obligation shall, subject to the terms of the funding obligation, give rise to a security interest in respect of which that Act applies and may be perfected by registering a financing statement under that Act on that basis.

Proceeds

(4) All proceeds of an investment interest that are subject to the security interest and that are received by the investment interest owner shall immediately be subject to the security interest and shall be perfected without any physical delivery of the proceeds, registration of any financing statement or any further act.

Perfection

(5) The security interest shall be a continuously perfected security interest and shall have priority over any other lien, created by operation of law or otherwise, that may subsequently attach to the property rights and interests in the investment interest subject to the security interest, unless the person to whom the security interest has been granted consents otherwise.

Same

(6) The person to whom the security interest has been granted shall have a perfected security interest in revenues or other proceeds that are deposited in any account of any electricity vendor, an agent of an electricity vendor or other person who may have commingled such revenues or other proceeds with other funds.

Notice required

(7) The secured party shall be entitled to exercise the rights of an investment interest owner only after the secured party has given notice of the enforcement of its security interest to the IESO.

Interpretation

(8) For the purposes of this section, a security interest is perfected when it is perfected as described in the *Personal Property Security Act.*

PART VII
MISCELLANEOUS

Appointment of agent, invoicing or collection

33 (1) If a prescribed circumstance applies, the Lieutenant Governor in Council may by regulation appoint a person to carry out some or all of the obligations of an electricity vendor under this Act in the place of an electricity vendor with respect to invoicing or collection.

Same, not Crown agent

(2) For greater certainty, a person appointed under this section is not an agent of the Crown for any purpose, despite the *Crown Agency Act*.

Board's authority

34 (1) Each electricity vendor, the IESO and the Financial Services Manager shall maintain such accounts and provide such information to the Board as the Board may require for the purposes of carrying out its responsibilities under this Act, in the form and manner and within the time required by the Board.

No hearing required

(2) Despite anything to the contrary in the *Ontario Energy Board Act, 1998*, the Board may exercise any of its responsibilities under this Act without a hearing.

Sequestration

35 (1) A court in the Province may, upon application by an investment interest owner or a secured party, order the sequestration and payment of amounts in respect of the clean energy adjustment, collections or remittances, as applicable, for the benefit of the investment interest owner or secured party by any person or entity authorized to collect amounts in respect of the clean energy adjustment.

Same

(2) An order under subsection (1) does not limit any other remedies available to the applicant.

Choice of law

36 The law governing, as applicable, the validity, enforceability, attachment, perfection, priority and exercise of remedies with respect to a transfer under this Act or the creation of a security interest in the regulatory asset, the investment asset, the clean energy adjustment or the undertaking of the Crown under section 5 shall be the laws of the Province.

Conflict

37 The provisions of this Act and the regulations apply despite any provision of any other Act regarding the attachment, assignment or perfection, or the effect of perfection or priority of any transfer or security interest.

No further approvals, etc.

38 Despite any requirement under any Act, no approvals, notices or authorizations other than those specified in this Act are required under the Financing Plan or in relation to the determination of the fair allocation amount.

Liability

39 (1) No action or other civil proceeding shall be commenced against any employee of the Province or Ontario Power Generation Inc. for any act done in good faith in the exercise or performance or the intended exercise or performance of a power or duty under this Act, the regulations or for any alleged neglect or default in the exercise or performance in good faith of such a power or duty.

Same

(2) Nothing in subsection (1) shall be read as limiting the effect of subsection 19 (1) of the *Electricity Act, 1998* or subsection 11 (1) of the *Ontario Energy Board Act, 1998.*

Same

(3) Despite subsections 5 (2) and (4) of the *Proceedings Against the Crown Act,* subsection (1) does not relieve the Crown of liability in respect of a tort committed by a person mentioned in subsection (1) to which it would otherwise be subject.

References in marketing materials and offering documents

40 No person shall include, in marketing materials or offering documents relating to the financing of funding obligations, references to any rights, obligations, guarantees or undertakings arising under section 5 unless the prescribed requirements, if any, are satisfied.

Regulations

41 (1) The Lieutenant Governor in Council may make regulations in respect of the following matters:

1. Governing anything that is required or permitted to be prescribed or that is required or permitted to be done by, or in accordance with, the regulations or as authorized, specified or provided in the regulations.
2. Defining, for the purposes of a regulation, words and expressions used in this Act that are not defined in the Act.
3. Governing the incurrence of debt for the purposes of the definition of "refinancing" in subsection 1 (1).
4. Governing the inclusion of information under this Act on or with invoices, which may include requiring notice to be provided by electricity vendors to specified consumers and other prescribed persons regarding the adjustments, including providing for different requirements in different circumstances and for different classes of specified consumers.
5. Governing the inclusion of information about the clean energy adjustment and any other matters provided for under this Act on or with invoices issued to specified consumers, including the form that the information must take and the form of the invoices and the form of any notice to be provided to the specified consumer under this Act.
6. Governing the manner by which invoices or notices provided for under this Act are to be provided to specified consumers and other prescribed persons.
7. Providing for a right of compensation for investment interest owners affected by a breach under section 29 and the manner in which such a right may be enforced under this Act.
8. Prescribing the time within which any action required by this Act may be required to be done.
9. Providing for such other matters as the Lieutenant Governor in Council considers advisable to carry out the purpose of this Act.

Limitation

(2) Despite subsection (1) or any other Act, no regulation under this Act shall have the effect of reducing, impairing, postponing or terminating the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or impairing or postponing the invoicing, collection, remittance or recovery of the clean energy adjustment.

PART VIII
AMENDMENTS TO OTHER ACTS

Electricity Act, 1998

42 (1) Subsection 6 (1) of the *Electricity Act, 1998* is amended by adding the following clause:

(q.1) to exercise the powers and rights and to perform the duties and obligations assigned to it under the *Ontario Fair Hydro Plan Act, 2017* and to engage in activities to facilitate the implementation of the *Ontario Fair Hydro Plan Act, 2017*, including,

(i) entering into agreements or arrangements with any person for the purposes of the *Ontario Fair Hydro Plan Act, 2017*,

(ii) engaging in activities related to making payments to and receiving payments as contemplated under the *Ontario Fair Hydro Plan Act, 2017* and related settlement activities,

(iii) engaging in activities related to the transfer and administration of the regulatory asset created under the *Ontario Fair Hydro Plan Act, 2017*, which activities may include,

(A) incurring liabilities in relation to the regulatory asset,

(B) transferring the regulatory asset under section 26 of the *Ontario Fair Hydro Plan Act, 2017* for consideration, and

(C) acting as a recovery agent under the *Ontario Fair Hydro Plan Act, 2017*;

(2) Subsection 25.33 (1) of the Act is amended by striking out "and" at the end of clause (a), by adding "and" at the end of clause (b) and by adding the following clause:

(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*.

(3) Subsection 25.33 (2) of the Act is amended by striking out "and" at the end of clause (a), by adding "and" at the end of clause (b) and by adding the following clause:

(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*.

(4) Clause 25.33 (4) (b) of the Act is amended by adding "or as may be required by a regulation made under this Act or the *Ontario Fair Hydro Plan Act, 2017*" at the end.

(5) Subsection 25.33 (5) of the Act is amended by adding "or under the *Ontario Fair Hydro Plan Act, 2017*" at the end.

(6) Section 53.1 of the Act is amended by adding the following subsections:

Same, *Ontario Fair Hydro Plan Act, 2017*

(1.1) In addition to the objects mentioned in subsection (1), the objects of Ontario Power Generation Inc. include exercising the powers and rights and performing the duties and obligations assigned to it under the *Ontario Fair Hydro Plan Act, 2017* and engaging in activities to facilitate the implementation of that Act, including entering into contracts and undertakings on behalf of financing entities and performing other services on behalf of financing entities, subject to the right to be paid by the financing entities for those services.

Subsidiaries, etc.

(1.2) Ontario Power Generation Inc. may create or invest in one or more subsidiaries, trusts, partnerships, limited partnerships or special purpose entities in order to more efficiently conduct its activities or achieve its objects.

Deemed assets, non-subsidiary

(1.3) Despite any other provision of this Act, the *Business Corporations Act* or any other Act, if a financing entity is not a subsidiary of Ontario Power Generation Inc.,

(a) the assets and liabilities of the financing entity shall not form part of the assets and liabilities of Ontario Power Generation Inc. or any of its subsidiaries; and

(b) the assets and liabilities of Ontario Power Generation Inc. or any of its subsidiaries shall not form part of the assets and liabilities of the financing entity.

Deemed assets, subsidiary

(1.4) Despite any other provision of this Act, the *Business Corporations Act* or any other Act, if a financing entity is a subsidiary of Ontario Power Generation Inc.,

(a) the assets and liabilities of that financing entity shall not form part of the assets and liabilities of Ontario Power Generation Inc. or any of its other subsidiaries; and

(b) the assets and liabilities of Ontario Power Generation Inc. or any of its other subsidiaries shall not form part of the assets and liabilities of that financing entity.

Definition, financing entity

(1.5) For the purposes of this section,

"financing entity" has the same meaning as in the *Ontario Fair Hydro Plan Act, 2017.*

Ontario Energy Board Act, 1998

43 (1) Subsection 70 (2.1) of the *Ontario Energy Board Act, 1998* is amended by adding the following paragraph:

4. The licensee is required to comply with the *Ontario Fair Hydro Plan Act, 2017.*

(2) Section 70 of the Act is amended by adding the following subsection:

Deemed condition of licences, unit sub-meter provider, *Ontario Fair Hydro Plan Act, 2017*

(2.4) Every licence issued to a unit sub-meter provider is deemed to contain the condition that the unit sub-meter provider is required to comply with the *Ontario Fair Hydro Plan Act, 2017* and the regulations made under it.

(3) Section 78.1 of the Act is amended by adding the following subsections:

Same, limitation re Ontario Power Generation Inc.

(3) The determination of a payment to Ontario Power Generation Inc. under this section shall not include any consideration of amounts related to activities of Ontario Power Generation Inc. carried out in relation to the *Ontario Fair Hydro Plan Act, 2017*.

Same

(3.1) The amounts referred to in subsection (3) include, without limitation, the following:

1. Amounts related to the appointment of Ontario Power Generation Inc. as the Financial Services Manager under the *Ontario Fair Hydro Plan Act, 2017*.
2. Amounts related to the charging of fees for performing duties as the Financial Services Manager.
3. Amounts related to exercising the powers and performing the duties of the Financial Services Manager.
4. Amounts related to the consolidation of the assets and liabilities for accounting purposes of any special purpose financing entities established under and for the purposes of that Act.

(4) Subsection 79.16 (3) of the Act is repealed.

PART IX
COMMENCEMENT AND SHORT TITLE

Commencement

44 This Schedule comes into force on the day the *Fair Hydro Act, 2017 receives* Royal Assent.

Short title

45 The short title of the Act set out in this Schedule is the *Ontario Fair Hydro Plan Act, 2017*.

SCHEDULE 2
AMENDMENTS TO THE ONTARIO ENERGY BOARD ACT, 1998

1 (1) Subsection 79 (4) of the *Ontario Energy Board Act, 1998* is repealed and the following substituted:

Liability

(4) All consumers are required, in accordance with the regulations, to contribute towards the amount of any compensation required under subsection (3) that is not otherwise provided under subsection (4.1).

Payments for certain classes

(4.1) Compensation required under subsection (3) may be provided with respect to one or more prescribed classes of consumers who receive rate protection under this section, in a manner provided for in the regulations.

Money appropriated by the Legislature

(4.2) The compensation provided for in subsection (4.1) shall be paid for out of the money appropriated for those purposes by the Legislature.

Information, etc.

(4.3) If provided for in the regulations, the Board, the IESO and distributors, or any of them, shall provide such information and reports to the Ministry of Energy and to one another as are necessary to facilitate the implementation, administration, funding and delivery of the rate protection or of anything else provided for in this section.

(2) Clause 79 (5) (e) of the Act is repealed and the following substituted:

(e) prescribing rules respecting the amounts that must be collected to compensate distributors, taking into account any compensation provided under subsection (4.1), including rules,

(i) respecting the calculation of those amounts,

(ii) respecting the calculation of any off-set to the liability of consumers under subsection (3) having regard to those amounts,

(iii) establishing the time and manner of collection,

(iv) requiring the amounts to be paid in instalments and requiring the payment of interest or penalties on late payments,

(v) prescribing methods of ensuring that the amounts required cannot be bypassed, and

(vi) respecting the distribution of those amounts to consumers;

(e.1) prescribing classes of consumers for the purposes of subsection (4.1), and governing how and when the compensation is to be provided with respect to the rate protection provided to them, including, without restricting the generality of the foregoing, requiring the IESO to receive payments or amounts from the Minister of Energy and to make payments to licensed distributors or to prescribed persons and prescribing how and when payments are to be made;

2 Section 79.2 of the Act is repealed and the following substituted:

Rate assistance

79.2 (1) The Minister shall make provision for rate assistance for rate-assisted consumers having regard to their economic circumstances, and where the Minister makes such provision, shall do so out of the money provided for in subsection (4).

OESP

(2) The program known as the "Ontario Electricity Support Program" in English and "Programme ontarien d'aide relative aux frais d'électricité" in French is continued for the purpose of providing rate assistance to rate-assisted consumers having regard to their economic circumstances.

Administered by Board

(3) The Ontario Electricity Support Program shall be administered by the Board, or when the regulations so provide, by a Minister of the Crown or other entity provided for in the regulations.

Money appropriated by the Legislature

(4) The money required for the purposes of the Ontario Electricity Support Program shall be paid out of the money appropriated for those purposes by the Legislature, once the amounts recorded in the variance account referred to in subsection (5) are no longer sufficient to provide for the funding of the program when taken on their own.

Variance account

(5) The money required for the purposes of the Ontario Electricity Support Program shall be provided out of the credit balance in the variance account maintained by the IESO under the Program as it existed before the coming into force of

section 2 of Schedule 2 to the *Fair Hydro Act, 2017* until the amounts recorded in the account are no longer sufficient, when taken on their own, to fund the Program.

Variance account depleted

(6) The IESO shall provide the Ministry of Energy with advance notice, on a timely basis, of the time the IESO estimates that the amounts reflected in the variance account would be less than the amount required to meet its obligations related to funding the Ontario Electricity Support Program for the upcoming month.

How provided

(7) Rate assistance provided under this section shall be provided with respect to consumers prescribed in the regulations, and shall be provided at the times provided for in the regulations and in the amounts and in the manner provided for in the regulations.

Payments with respect to prior use

(8) The regulations may require provision of rate assistance to prescribed classes of rate-assisted consumers with respect to electricity consumed during a period prior to the date of the making of the regulation, but no such rate assistance shall be required under the regulations with respect to electricity consumed before January 1, 2016.

Transitional

(9) The regulations may require the provision of rate assistance for a rate-assisted consumer with respect to a period prior to the date on which the consumer became a rate-assisted consumer if the consumer meets all of the criteria prescribed by the regulations.

Distributors, etc.

(10) A distributor, a unit sub-meter provider and any other person or entity that may be prescribed is entitled to be compensated from the money referred to in subsection (4) or (5), as the case may be, for any lost revenue resulting from the provision of rate assistance under the Ontario Electricity Support Program.

Deemed licence conditions, IESO, settlements, payments, etc.

(11) Every licence issued to the IESO, a distributor or unit sub-meter provider or a retailer of electricity shall be deemed to contain conditions requiring the licensee to do anything necessary to implement and administer the provision of rate assistance under this section as may be required by the regulations or the Board, including requirements with respect to,

(a) making payments to the IESO, distributors, unit sub-meter providers and other persons and entities identified by the regulations;

(b) receiving payments or other amounts from the IESO, distributors, unit sub-meter providers and other persons and entities identified by the Minister;

(c) requiring licensees to pass any rate assistance provided for under this section through to rate-assisted consumers in the manner provided for in the regulations;

(d) engaging in settlement activities;

(e) providing information to and receiving information from the Ministry of Energy, the Board, the IESO, distributors, unit sub-meter providers, retailers of electricity and any other prescribed persons and entities in the time and in the manner provided for by the Board or as may be prescribed; and

(f) entering into agreements or arrangements with licensees and other persons.

Information, etc.

(12) If provided for in the regulations, the Board, the IESO, distributors, retailers of electricity and unit sub-meter providers, or any of them, shall provide such information and reports to the Ministry of Energy and to one another as are necessary to facilitate the implementation, administration, funding and delivery of rate-assistance or of anything else required under this section.

Conflicts, etc.

(13) Where any conflict exists between an order of the Board, a code issued by the Board or a licence condition and this section or a regulation made under this section, this section or the regulation made under this section shall prevail to the extent of the conflict.

Regulations

(14**)** The Lieutenant Governor in Council may make regulations governing anything dealt with in this section and without limiting the generality of the foregoing, may make regulations,

(a) governing anything that is described in this section as being prescribed or as being provided for in the regulations or that is required to be done in accordance with the regulations;

(b) governing the time or times at which rate assistance shall be paid or become payable to rate-assisted consumers;

(c) governing the determination of classes of consumers who are rate-assisted consumers, including providing for different classes of rate-assisted consumers;

(d) requiring that certain costs and expenditures related to the Ontario Electricity Support Program be only incurred with the prior approval of the Minister, and governing those costs and expenditures;

(e) establishing rules for the calculation of the amount of the rate assistance to be provided;

(f) governing payments under this section, including determining the method or methods of calculating the amount of rate assistance to be provided;

(g) setting maximum amounts of the total annual value of rate assistance that may be provided;

(h) requiring a distributor, the IESO or a unit sub-meter provider or other prescribed person or entity to make or receive payments in respect of rate assistance, including requiring them to make or receive payments directly to or from the Ministry of Energy or to receive overpayments directly or indirectly from consumers or other persons entitled to receive the rate assistance and prescribing the circumstances in which such payments are to be made and received and such overpayments are to be received as well as methods for determining the amounts payable or to be received;

(i) requiring the IESO to receive payments from the Minister and requiring the IESO to make payments to the Board, to licensed distributors, to unit sub-meter providers or to prescribed persons, in respect of the rate assistance provided under this section and governing methods for determining the amounts payable;

(j) governing the Board's or other prescribed entity's administration and program-related costs in administering the Ontario Electricity Support Program;

(k) governing transitional matters arising from the changes made to the Ontario Electricity Support Program as a result of the enactment of the *Fair Hydro Act, 2017*.

Retroactivity

(15) A regulation made under this section is, if it so provides, effective with reference to a period before it is filed.

General or particular

(16) A regulation under this section may be general or particular in application, may provide for different classes of persons and entities and may prescribe different rules for different persons or entities or different classes of persons or entities.

Verification of eligibility

(17) Section 11 of the *Ministry of Revenue Act* applies with respect to the Ontario Electricity Support Program as a government assistance program administered by the Board.

Definitions

(18) In this section,

"Government assistance program" has the meaning provided for in subsection 11 (2) of the *Ministry of Revenue Act*; ("programme d'aide gouvernementale")

"rate-assisted consumer" means a consumer referred to in subsection (7). ("consommateur admissible à l'aide tarifaire")

3 The Act is amended by adding the following section:

Confidentiality, information sharing, etc.

79.2.1 (1) For the purposes of section 79.2, the Board or the Minister or entity having responsibility for administering the Ontario Electricity Support Program may enter into an agreement with the Minister of Community and Social Services to provide the services to the public listed in subsection (2) on behalf of the Board, Minister or the entity, as the case may be, in relation to the administration of the Ontario Electricity Support Program.

Agreement, etc.

(2) The services that may be included in an agreement referred to in subsection (1) are the following:

1. Providing documents and information about the Ontario Electricity Support Program.
2. Processing applications for the Ontario Electricity Support Program.

Arrangements with others

(3) The Minister of Community and Social Services may arrange with another person or entity to provide, on behalf of that Minister, services that that Minister is authorized to provide under an agreement referred to in subsection (1).

Personal information

(4) The Minister of Community and Social Services is authorized to collect, use, disclose and retain personal information necessary to provide the services authorized by an agreement referred to in subsection (1), but shall not collect, use, disclose or retain more personal information than is reasonably necessary to provide the services.

Limitation

(5) Except where otherwise authorized under subsection (7), the Minister of Community and Social Services shall not collect, use, disclose or retain personal information provided for in subsection (4) without the consent of the individual to whom the information relates.

Duty to transfer personal information

(6) The Minister of Community and Social Services shall transfer an individual's personal information provided for in subsection (4) into the control of the Board, Minister or entity responsible for administering the Ontario Electricity Support Program promptly after processing an application for the Ontario Electricity Support Program, but may retain such personal information as is reasonably necessary to confirm that an individual has been provided a service.

Use of personal information, etc.

(7) The Minister of Community and Social Services may use personal information maintained by that Minister in connection with the administration of the Ontario Disability Support Program and the program established pursuant to the *Ontario Works Act, 1997*, for the purpose of identifying and contacting individuals eligible for the rate assistance provided under the Ontario Electricity Support Program, and to provide services authorized under an agreement referred to in subsection (1).

Deemed compliance

(8) The use of personal information as allowed by subsection (7) is deemed to comply with section 41 of the *Freedom of Information and Protection of Privacy Act*.

Disclosure of list

(9) In order to assist the Minister of Community and Social Services to identify individuals eligible for rate assistance, the Board or the Minister or entity having responsibility for administering the Ontario Electricity Support Program shall, as soon as practicable after the coming into force of this section, disclose to the Minister of Community and Social Services a list of individuals who are enrolled in the Ontario Electricity Support Program, together with their mailing address and other contact information.

Use of list

(10) The Minister of Community and Social Services may use the information on the list provided under subsection (9) to determine whether an individual who is currently enrolled in the Ontario Disability Support Program or the program established under the *Ontario Works Act, 1997* is also enrolled in the Ontario Electricity Support Program.

Destruction of list

(11) The Minister of Community and Social Services shall destroy the list provided under subsection (9) no later than one year after receiving the list.

Notification about the management of personal information

(12) The Minister of Community and Social Services shall ensure that a notice is published on a website describing,

(a) the purpose for which that Minister collects, uses, discloses and retains personal information in connection with the Ontario Electricity Support Program;

(b) the types of personal information that may be collected, used, disclosed and retained in connection with the Ontario Electricity Support Program, and the circumstances in which the personal information may be collected, used, disclosed and retained in connection with that Program; and

(c) the title, and contact information, including an email address, of an employee who can answer an individual's questions about the use of the personal information under this section.

4 The Act is amended by adding the following sections:

Distribution rate-protected consumers

79.3 (1) The Minister shall provide for distribution rate protection to distribution rate-protected residential consumers having regard to the costs of the distribution of electricity to such consumers with respect to electricity consumed on or after the date prescribed by the regulations.

Money appropriated by the Legislature

(2) The money required for the purposes of the provision of distribution rate protection under this section shall be paid out of the money appropriated for those purposes by the Legislature.

Maximum charge

(3) Despite any order of the Board, or anything else under this Act, where the regulations so provide, a prescribed distributor who distributes electricity to distribution rate-protected residential consumers shall not charge those consumers, or a prescribed class of those consumers, any amount for monthly base distribution charges more than,

(a) the maximum amount for the charge that is provided for in the regulations; or

(b) the amount determined by the Board after applying any calculations, processes or methods provided for in the regulations.

Distributors

(4) A distributor who is prescribed under this section is entitled to be compensated from the money referred to in subsection (2) for lost revenue resulting from the provision of the distribution rate protection to distribution rate-protected residential consumers under this section.

Information, etc.

(5) If provided for in the regulations, the Board, the IESO and distributors, or any of them shall provide such information and reports to the Ministry of Energy and to one another as are necessary to facilitate the implementation, administration, funding and delivery of distribution rate protection or of anything else required under this section.

Limitation periods for distribution rate protection, consumer

(6) Despite any past entitlement of a consumer who is eligible to distribution rate protection under this section, no distribution rate protection is payable to a consumer after a limitation period prescribed by the regulations in respect of the consumer, other than in such circumstances as may be prescribed by the regulations.

Limitation, reimbursement of distributor, etc.

(7) Despite any requirement under this Act to reimburse a prescribed distributor or other person for distribution rate protection provided by them to distribution rate-protected residential consumers under this section, no amounts for reimbursement are payable to the prescribed distributor or other person after a limitation period prescribed by the regulations in respect of the prescribed distributor or other person, where such reimbursement is based on a consumer's past entitlement under this section which has not yet been paid or reimbursed under this section, other than in such circumstances as may be prescribed by the regulations.

Transitional

(8) If, for technical or operational reasons, a distributor referred to in subsection (3) is unable to adapt its invoices to comply with this section and the regulations by the time it issues its first invoice for electricity consumed after the prescribed date in respect of an account of a consumer who is eligible for distribution rate protection under this section,

(a) the distributor shall adapt its invoices as soon as possible and, in any event, no later than a date prescribed in the regulations; and

(b) consumers continue to be entitled to receive the distribution rate protection to which they are entitled under this Act and may receive it as a lump sum credit on the invoice for the first billing period after the invoices have been adapted or by such other means as may be prescribed by the regulations.

Regulations

(9) The Lieutenant Governor in Council may make regulations,

(a) prescribing consumers or classes of consumers as distribution rate-protected residential consumers for the purposes of this section;

(b) prescribing dates for the purposes of subsections (1) and (8);

(c) prescribing distributors for the purposes of this section;

(d) governing anything that is described in this section as being prescribed or as being provided for in the regulations or that is required to be done in accordance with the regulations;

(e) governing the provision of distribution rate protection by the Minister in respect of distribution rate-protected residential consumers under this section including determining the method or methods of calculating the amount of rate protection to be provided;

(f) requiring the IESO to receive payments from the Minister and to make payments to licensed distributors, or to persons prescribed by the regulations, in respect of the distribution rate protection provided for under this section and prescribing methods for determining the amounts payable to distributors or distribution rate-protected residential consumers in respect of that protection.

Interpretation

(10) In this section,

"distribution rate-protected residential consumer" has the meaning provided for in the regulations; ("consommateur résidentiel protégé contre les frais de distribution")

"monthly base distribution charges" has the meaning provided for in the regulations. ("frais de distribution mensuels de base")

Delivery credit for on-reserve consumers

79.4 (1) The Minister shall provide a delivery credit to on-reserve consumers who meet the criteria prescribed under this section with respect to electricity consumed on or after the date prescribed by the regulations.

Money appropriated by the Legislature

(2) The money required for the purposes of the provision of the credits required under this section shall be paid out of the money appropriated for those purposes by the Legislature.

Eligible costs

(3) The eligible costs for the delivery credit referred to in subsection (1) are,

(a) the sum of the following charges for which the consumer would otherwise be liable,

(i) all variable and fixed distribution charges,

(ii) all charges based on the retail transmission network service rate,

(iii) all charges based on the retail transmission connection service rate,

(iv) all charges related to losses incurred in the distribution of electricity, except for such amounts that are included in regulatory charges provided for in the regulations, and

(v) any other charges that may be prescribed in the regulations; or

(b) where no separate charges for delivery are provided for by the distributor or other person or entity that may be prescribed in the regulations, the monthly service charge or such other amount as may be prescribed for or in respect of a prescribed distributor.

Delivery credit

(4) A distributor, person or entity shall, unless the regulations provide otherwise, provide the delivery credit referred to in subsection (1) by crediting the account of an on-reserve consumer.

Same

(5) The regulations may require that distributors and any other persons or entities provide a delivery credit to an on-reserve consumer who is entitled to a delivery credit under subsection (1) in such manner or in accordance with such methods as may be prescribed.

Same

(6) A distributor or any person or entity as may be prescribed is entitled to be compensated from the money referred to in subsection (2) for any lost revenue resulting from the provision of the delivery credits under this section.

Information, etc.

(7) If provided for in the regulations, the Board, the IESO and distributors, and other persons or entities, or any of them, shall provide such information and reports to the Ministry of Energy and to one another as are necessary to facilitate the implementation, administration, funding and delivery of the delivery credits or of anything else required under this section.

Limitation periods for delivery credit, consumer

(8) Despite any past entitlement of an on-reserve consumer who is eligible for a delivery credit under this section, no delivery credit is payable to an on-reserve consumer after a limitation period prescribed by the regulations in respect of the on-reserve consumer, other than in such circumstances as may be prescribed by the regulations.

Limitation, reimbursement of distributor, etc.

(9) Despite any requirement under this Act to reimburse a distributor or other persons or entities for delivery credits provided by them to on-reserve consumers under this section, no amounts for reimbursement are payable to the distributor or other persons or entities after a limitation period prescribed by the regulations in respect of the distributor or other persons or entities, where such reimbursement is based on an on-reserve consumer's past entitlement under this section which has not yet been paid or reimbursed under this section, other than in such circumstances as may be prescribed by the regulations.

Transitional

(10) If, for technical or operational reasons, a distributor referred to in subsection (4) is unable to adapt its invoices to comply with this section and the regulations by the time it issues its first invoice for electricity consumed after the prescribed date in respect of an eligible account,

(a) the distributor shall adapt its invoices as soon as possible and, in any event, no later than a date prescribed in the regulations; and

(b) on-reserve consumers continue to be entitled to receive the delivery credit to which they are entitled under this Act and may receive it as a lump sum credit on the invoice for the first billing period after the invoices have been adapted or by such other means as may be prescribed by the regulations.

Regulations

(11) The Lieutenant Governor in Council may make regulations,

(a) governing who is an on-reserve consumer for the purposes of this section and, without limiting the generality of the foregoing, may provide that consumers who occupy certain areas are on-reserve consumers, and may do so without regard to whether those areas constitute a "reserve" under any other Act or law;

(b) prescribing dates for the purposes of subsections (1) and (10);

(c) governing provision of the delivery credits provided to on-reserve consumers under this section and, without restricting the generality of the foregoing, governing anything that under this section is to be prescribed or provided for in the regulations, or that is to be done in accordance with the regulations;

(d) determining the method or methods of calculating the amount of the delivery credits to be provided by the Minister in respect of on-reserve consumers under this section;

(e) requiring the IESO to make and receive payments to and from the Minister and to make payments to licensed distributors, or to persons prescribed by the regulations, in respect of the delivery credits provided for under this section and prescribing methods for determining the amounts payable to distributors or on-reserve consumers in respect of the credits provided.

Interpretation

(12) In this section,

"on-reserve consumer" has the meaning provided for in the regulations.

Application

79.5 Sections 79.6 through 79.11 apply to the programs provided for under sections 79, 79.2, 79.3 and 79.4 to the extent that they are funded by money appropriated for those purposes by the Legislature.

Definition

79.6 In sections 79.7 to 79.11,

"Finance Minister" means the Minister of Finance or such other member of the Executive Council to whom the administration of those sections is assigned under the *Executive Council Act*.

Records

79.7 (1) Every distributor and every other person prescribed by regulation shall keep at a location in Ontario such records as are necessary to determine and verify compliance with sections 79, 79.2, 79.3 and 79.4 and the regulations associated with them and any records required by those regulations to be kept.

Electronic records

(2) If a person keeps records in an electronic form, the person shall ensure that, from the time the records are first made and for as long as they are required to be retained,

(a) they remain complete and unaltered, apart from any changes or additions made in the normal course of communication, storage or display; and

(b) they are capable of being printed and of being produced in electronically readable format for inspection, examination or audit.

Retention of records

(3) Records required to be kept under subsection (1) shall not be destroyed unless authorization has been given in writing by the Finance Minister.

Offence

(4) Every person who fails to keep records in accordance with this section is guilty of an offence and, on conviction, is liable to a fine of not less than $50 and not more than $5,000.

Inspections and inquiries

79.8 (1) The Finance Minister may appoint one or more inspectors who are authorized to exercise any of the powers and perform any of the duties of a person authorized by the Minister under subsection 31 (1) of the *Retail Sales Tax Act* for any purpose related to the administration and enforcement of sections 79, 79.2, 79.3 and 79.4 of this Act.

Same

(2) Subsections 31 (1), (2), (2.1) and (2.2) of the *Retail Sales Tax Act* apply, with necessary modifications, with respect to the administration and enforcement of sections 79, 79.2, 79.3 and 79.4 of this Act.

Admission of evidence

(3) The Finance Minister, or a person authorized by the Finance Minister, may, for any purpose related to the administration of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them, reproduce from original data stored electronically any information previously submitted as required under those sections or regulations in any form by any person, and the electronically reproduced document shall be admissible in evidence and shall have the same probative force as the original document would have had if it had been proved in the ordinary way.

Inquiry

(4) The Finance Minister may, for any purpose related to the administration of sections 79, 79.2, 79.3 and 79.4 of this Act or the regulations made in association with them, authorize any person, whether or not the person is an employee in the Ministry of the Finance Minister, to make such inquiry as the Finance Minister considers necessary with reference to anything relating to the administration of this Act or the regulations.

Copies

(5) If a book, record or other document is examined or produced under this section, the person by whom it is examined or to whom it is produced or any officer of the Ministry may make, or cause to be made, one or more copies of it, and a document purporting to be certified by the person to be a copy made pursuant to this section is admissible in evidence and has the same probative force as the original document would have if proved in the ordinary way.

Compliance

(6) No person shall hinder or molest or interfere with any person doing anything that the person is authorized by this section to do or prevent or attempt to prevent any person doing any such thing.

Same

(7) Despite any other law to the contrary, every person shall, unless the person is unable to do so, do everything the person is required by this section to do.

Administration of oaths

(8) Declarations or affidavits in connection with statements of information submitted pursuant to this section may be taken before any person having authority to administer an oath or before any person specially authorized for that purpose by the Lieutenant Governor in Council, but any person so specially authorized shall not charge any fee for doing so.

Application of *Public Inquiries Act, 2009*

(9) Section 33 of the *Public Inquiries Act, 2009* applies to an inquiry under subsection (4).

Recovery of overpayments

Definitions

79.9 (1) In this section,

"inspector" means an inspector referred to in section 79.8; ("inspecteur")

"overpayment" means an amount received by a person in excess of that to which the person is entitled under sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them. ("trop-perçu")

Notice of overpayment

(2) If it appears to an inspector that a person has received an overpayment, the Finance Minister may send a written notice to the person advising the person of the following:

1. That the person has received an overpayment.
2. The amount of the overpayment and how it was calculated.
3. The required steps to be taken by the person with respect to the overpayment.

4. The date, not more than six months after the date of the notice, by which these steps must be completed.
5. That the Finance Minister has the authority to assess the person for the amount of the overpayment, plus interest, if the person fails to complete the required steps by the specified date.

Calculation of amount of overpayment

(3) For the purposes of this section, an inspector shall calculate an overpayment or the outstanding balance of an overpayment in the manner and form and using such procedures as the Finance Minister considers adequate and expedient.

Assessment

(4) If a person fails to complete the steps required in a notice under subsection (2) within the time specified in the notice, and any additional time requested by the person and permitted by the Finance Minister, the Finance Minister may assess or reassess the amount of the overpayment, or the outstanding balance of the overpayment, based on the inspector's calculation described in subsection (3).

Penalty

(5) If the Finance Minister makes an assessment or reassessment under subsection (4) and is satisfied that the person's non-compliance with the required steps in the notice was attributable to neglect, carelessness, wilful default or fraud, the Finance Minister may assess a penalty against the person equal to the outstanding balance of the overpayment when the penalty is assessed.

Time limit

(6) The Finance Minister shall not assess or reassess under subsection (4) more than 48 months after the end of the month in which the person received the overpayment.

Exception, where misrepresentation, etc.

(7) Subsection (6) does not apply if the Finance Minister establishes that the person has made a misrepresentation that is attributable to neglect, carelessness or wilful default or has committed any fraud in supplying information under this Act or the regulations or in omitting to disclose information.

Deeming

(8) An amount assessed or reassessed by the Finance Minister under this section is deemed, for the purposes of the administration and enforcement of this Act, to be a debt retirement charge owing and payable, as defined in subsection 85 (1) of the *Electricity Act, 1998*, that has been collected, on the last day of the month in which the person received the overpayment, by the person as a collector appointed under subsection 85.3 (1) of the *Electricity Act, 1998* and, for those purposes,

(a) sections 85.11, 85.12, 85.14, 85.17 and 85.30 of that Act apply with necessary modifications;

(b) in the application of sections 85.11 and 85.14 of that Act and without limiting the generality of clause (a) of this subsection, references to the Financial Corporation are read as references to the Minister of Finance and references to the Minister of Finance are read as references to the Finance Minister as defined in section 79.6 of this Act;

(c) the regulations made under that Act for the purposes of calculating the rate or rates of interest payable under section 85.11 of that Act and the manner of calculating the amount of interest apply with necessary modifications; and

(d) sections 23 and 36, subsections 37 (1), (1.1) and (2) and sections 37.1, 38 and 39 of the *Retail Sales Tax Act* apply with necessary modifications.

Disposition of repaid amounts

(9) If all or part of an overpayment is repaid to the Finance Minister, the Minister of Energy shall make such financial arrangements and payments as may be necessary to ensure that any person entitled to all or part of the overpayment receives the appropriate amount.

Confidentiality

79.10 (1) Except as authorized by this section, no person employed by the Government of Ontario shall,

(a) knowingly communicate or knowingly allow to be communicated to any person any information obtained by or on behalf of the Minister of Energy or the Finance Minister for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them; or

(b) knowingly allow any person to inspect or to have access to any record or thing obtained by or on behalf of either Minister for the purposes of this Act.

Testimony

(2) No person employed by the Government of Ontario shall be required, in connection with any legal proceedings,

(a) to give evidence relating to any information obtained by or on behalf of the Minister of Energy or Finance Minister for the purposes of this Act; or

(b) to produce any record or thing obtained by or on behalf of either Minister for the purposes of this Act.

Exception

(3) Subsections (1) and (2) do not apply in respect of,

(a) criminal proceedings under any Act of the Parliament of Canada;

(b) proceedings in respect of the trial of any person for an offence under an Act of the Legislature; or

(c) proceedings relating to the administration or enforcement of this Act or Part V.1 or VI of the *Electricity Act, 1998*.

Communication

(4) A person employed by the Government of Ontario may, in the course of duties in connection with the administration or enforcement of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them,

(a) communicate or allow to be communicated to another person employed by the Government of Ontario in the administration or enforcement of any law or to an employee of the Board information obtained by or on behalf of either Minister for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them; and

(b) allow another person employed by the Government of Ontario in the administration or enforcement of any law or an employee of the Board to inspect or have access to any record or thing obtained by or on behalf of either Minister for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.

Reciprocal communication

(5) A person who receives information or obtains access to any record or thing under subsection (4) has a duty to communicate or furnish to that Minister on a reciprocal basis any information, record or thing obtained by the person that affects the administration or enforcement of this Act.

Use of information

(6) Any information, record or thing communicated or furnished under this section may be used only for the administration or enforcement of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them or an Act that is administered or enforced by the person receiving the information, record or thing.

Same

(7) The Finance Minister may permit information or a copy of any record or thing obtained by or on behalf of the Finance Minister for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them to be given to,

(a) the person from whom the information, record or thing was obtained;

(b) any person by whom an amount is payable or has been paid under sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them; or

(c) the legal representative of a person mentioned in clause (a) or (b) or the agent of the person authorized in writing in that behalf.

Information

(8) The Finance Minister may permit information or a copy of any record or thing obtained by or on behalf of the Finance Minister for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them to be given to any person employed by any government if,

(a) the information, record or thing obtained by that government for the purpose of any Act that imposes a tax or duty are communicated or furnished on a reciprocal basis to the Minister; and

(b) the information, record or thing will not be used for any purpose other than the administration or enforcement of a law that provides for the imposition of a tax or duty.

Offence

(9) Every person who contravenes any provision of this section is guilty of an offence and on conviction is liable to a fine of not more than $2,000.

Offences

False statements, etc., and fraud

79.11 (1) Every person who engages in any of the following acts or omissions is guilty of an offence:

1. Making, participating in, assenting to or acquiescing in the making of a false or deceptive statement in any document or answer required or submitted under sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.
2. Destroying, altering, mutilating, hiding or otherwise disposing of information or records of any person, for the purpose of evading compliance with sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.
3. Making, assenting to or acquiescing in the making of a false or deceptive entry of a material particular in a record of any person required to maintain records for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.
4. Omitting to make or assenting to or acquiescing in the omission of an entry of a material particular in a record of any person required to maintain records for the purposes of sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.
5. Wilfully evading or attempting to evade, in any manner, compliance with an obligation under sections 79, 79.2, 79.3 and 79.4 or the regulations made in association with them.

Penalty upon conviction

(2) A person convicted of an offence under subsection (1) is liable to either or both of the following penalties in addition to any other penalty assessed under this Act:

1. A fine in an amount that is not less than $1,000 and not more than $10,000.
2. Imprisonment for a term of not more than two years.

General offence

(3) Every person who contravenes, by any act or omission, any other requirement imposed under sections 79, 79.2, 79.3 and 79.4 is guilty of an offence and, on conviction, is liable, where no other penalty is provided for the offence, to a fine of not less than $50 and not more than $5,000.

Limitation period

(4) A proceeding to prosecute an offence provided for in this section must be commenced within six years after the date on which the matter of the offence arose.

Payment of fines

(5) Fines imposed on conviction of an offence provided for in this section are payable to the Finance Minister on behalf of the Crown in right of Ontario.

Commencement

5 (1) Subject to subsection (2), this Schedule comes into force on the day the *Fair Hydro Act, 2017* receives Royal Assent.

(2) Section 2 comes into force on a day to be named by proclamation of the Lieutenant Governor.

Ministry of Finance
Office of the
Deputy Minister

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Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017.*

Under the mechanism in the proposed *Ontario Fair Hydro Plan Act, 2017*, the IESO would incur a funding shortfall as the IESO will not collect sufficient Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The IESO has requested a revolving credit facility to cover any such funding shortfalls if the financing entity to be established by OPG ("OPG SPV"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the proposed *Ontario Fair Hydro Plan Act, 2017.*

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

Ontario

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the OFA in an amount of up to $3.5 billion. Under the proposed OIC, loan(s) could be advanced during the period between the effective date of the OIC and June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to allow the OFA to provide loans to the IESO and will help to fulfil the commitments under the proposed Fair Hydro Act, 2017. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the on-going *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- A key element of the proposed Ontario Fair Hydro Plan Act results in the IESO incurring a funding shortfall. This funding shortfall arises because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The proposed *Ontario Fair Hydro Plan Act, 2017* allows the IESO to sell the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset"). It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV"). The proposed legislation does not require the OPG SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset under the proposed *Ontario Fair Hydro Plan Act, 2017.* This short-term financing may also be required before the OPG SPV is operating and before it has its own financing in place to purchase the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the *Ontario Fair Hydro Plan Act, 2017* implementation. The $2 billion request from IESO is based on current data which could change in order to maintain the *Ontario Fair Hydro Plan Act, 2017* and it is proposed that the OIC authorization be $3.5 billion to ensure there is sufficient contingency in place once the implementation begins.

- For the OFA to accommodate this request, the OFA requires additional borrowing authority from the Minister of Finance to ensure that it has sufficient funds to lend hence this request for an OIC.

- The Minister of Finance will be required to provide a Directive to the OFA to direct it to make loans to the IESO in an amount not to exceed $3.5 billion.

s. 3 **Direction and Urgency**

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in implementing the proposed Fair Hydro Plan.

- Subject to the approval of the Legislature of the *Fair Hydro Act, 2017,* the Fair Hydro Plan is expected to track for Cabinet approval by end of June 2017. [What is tracking to Cabinet? Not the legislation because it has already been approved by Cabinet? Is it regulations? What else?] It is expected that this OIC also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- A related Cabinet Minute XXXXX is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's proposed *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

Under the mechanism in the proposed *Ontario Fair Hydro Plan Act, 2017*, the IESO would incur a funding shortfall as the IESO will not collect sufficient Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The IESO has requested a revolving credit facility to cover any such funding shortfalls if the financing entity to be established by OPG ("OPG SPV"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the proposed *Ontario Fair Hydro Plan Act, 2017.*

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will also be required.

../2

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered on June 27, 2017 together with proposed submission related to the proposed *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Ontario Financing Authority
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

From: Salman Qadir
To: Sarah Harris
Cc: Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Monday, May 29, 2017 1:24:49 PM

Hi Sarah,
We have not contemplated a directive for the entire $3.5 billion. The IESO request is for $2 billion, and so it would not align if the Minister is directing a much larger amount.
The entire facility is to be used for in the case "…OPG SPV not purchase the regulatory asset". The contingency is in place in case things do not go according to plan – and if that does transpire, we may not have time for a new OIC to increase the amount. The use of the contingency would like trigger everyone to see what the next steps should while provide additional cover.
That being said, a Minister's directive is quicker to obtain than a new OIC, and so leaving some level of approval authority with the Minister was envisioned. This may change as we start to prepare a directive as well and get feedback from ADM/DMO as this OIC package gets their attention.
I hope that helps?

Regards,
Salman

From: Sarah Harris
Sent: Monday, May 29, 2017 1:13 PM
To: Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO
Hi Salman,
I note that approval form talks about the directive being signed for $3.5b, but we had discussed that the Directive would be for $2 billion to match the credit facility.
I haven't seen the draft directive, however, it makes sense to me the directive would be for $3.5 billion, including wording to the effect that $2 billion is approved initially for the credit facility, with up to the additional $1.5 available to be approved by Minister should the OPG SPV not purchase the regulatory asset. Is something like this being contemplated?
Thanks,
Sarah

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Please let us know if you have any questions.
Thanks,

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Counsel
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Ministry of Finance, Legal Services Branch
T: 416-212-4538
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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

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I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

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From: Sarah Harris
To: Salman Qadir
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Monday, May 29, 2017 1:12:52 PM

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From:	Gavin He
To:	Patrick Rundans (MOF)
Cc:	John Kim; Salman Qadir; Bruno Amara; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Sarah Harris
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Friday, June 02, 2017 3:26:32 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx 2 - CIPA - OIC s22 - OFA_FHP - LRC_CEO to DM (MOF Legal)_CEFD_v3_Clean.docx 3 - CIPA - OIC s22 - OFA_FHP - LRC_DM to Minister (MOF Legal)_CEFD_v3_Clean.docx 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx

Hi Patrick,

Please find attached the final version of the draft package. We will bring this over for your signature on the OIC once ready.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Thursday, June 01, 2017 5:25 PM

To: Gavin He ; Sarah Harris

Cc: John Kim ; Salman Qadir ; Bruno Amara ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)

Subject: RE: OIC s22 CIPA - OFA-IESO

The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
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From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi all,

Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.

Thanks,

Gavin He

From: Bruno Amara

Sent: Wednesday, May 31, 2017 5:23 PM

To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,

As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the

materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.
Thanks
Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO
Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,
Hope your day is going well!
Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.
Thanks,
Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO
I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have

revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick
Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,
As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.
I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the

OIC to reflect this as I know it may take some time.
Let us know.
Thank you,
Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan
John Kim

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

../2

There is expected to be initial and ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required, which the OFA will seek following an approval of the OIC.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman
Ronald Kwan

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: Opal Kandelas
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Monday, May 29, 2017 10:53:03 AM

Hi Opal,
The directive is for $2B initially for the credit facility. The $1.5 B is provided as a contingency post implementation if the OPG SPV opts not to purchase any portion of the regulatory asset (sine there is not legislation requiring them to do so).
Sarah

From: Opal Kandelas
Sent: Monday, May 29, 2017 10:37 AM
To: Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Sarah,
No I did not. From the materials you attached, it seems that we (OFA) don't even know the exact situations that will give rise to the loans from the credit facility. Won't be the first time we have excess borrowing authority sitting around. The Minister will be providing a directive for $3.5B when the IESO requested a credit facility for only $2B.
Has it happened before where the directive is for an amount greater than the credit facility? Or is the plan for IESO to get a $3.5B credit facility?

From: Sarah Harris
Sent: Monday, May 29, 2017 9:48 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: OIC s22 CIPA - OFA-IESO

HI Opal,
Before I left on Thursday evening, you had mentioned that you thought the OIC should be in the amount of $3 billion and not $3.5 billion. I was wondering if on Friday you had reached out to CEFD to discuss this?
The package is due tomorrow, so we would need to sort this out today.
Thanks,
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From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Friday, May 26, 2017 4:41 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Salman,
The MOF Legal comments on the LRC note and draft memos are attached for your review. Also attached is an updated draft of the OIC to include the amount and repayment date.
Please let us know if you have any questions.
Thanks,

Patrick
Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460
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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

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I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

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Counsel
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T: 416-212-4538
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Cc: Shajee Kathirgamanathan; Bruno Amara; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Friday, May 26, 2017 4:40:48 PM
Attachments: 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v3_MH-TPW-PR Comments (2).doc
2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM MH-PR(2).doc
3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister PR.doc
CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

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LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the OFA in an amount of up to $3.5 billion. Under the proposed OIC, loan(s) could be advanced during the period ~~This authorization will be valid~~ between the effective date of the OIC and June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to allow the OFA to provide loans to the IESO and will help to fulfil the commitments under the proposed Fair Hydro Act, 2017. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed *Fair Hydro ~~Plan~~ Act, 2017*. [NTD: This is the name of the proposed Act – do we sometimes want to refer to the Fair Hydro Plan versus the Act?]

s. 2 Approach and Intended Outcomes

- Under CIPA, ~~T~~the OFA provides financing to public bodies ~~government entities~~ as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. ~~For the OFA to on-lend, the OFA borrows from the Province.~~ This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Fair Hydro Act, 2017*.

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct ~~T~~the OFA ~~will be required~~ to provide a revolving credit facility for ~~market~~ short term financing and liquidity purposes [NTD: is it for market liquidity purposes? Isn't it to cover any

shortfall?] related to the on-going *Fair Hydro Plan Act, 2017*. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- A key element of the proposed Fair Hydro Plan Act results in the IESO ~~to incurring a~~incurring a funding shortfall. This funding shortfall arises because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The Fair Hydro Plan allows the IESO to sell the right ~~[due to the deferral of collecting Global Adjustment amounts?]…[explain more accurately]. and The IESO unilaterally will selling that right~~ to recover ~~that~~those deferred amounts ~~shortfall~~ from specified consumers in the future ~~shortfall as an~~ (the "regulatory asset"). It is anticipated that the regulatory asset will be purchased by ~~to~~ the financing entity to be established by OPG ("OPG ~~Trust~~SPV") [NTD: My understanding is that it is expected to be a trust, but it is not certain yet and no benefit to narrowing here]. The proposed legislation does not require ~~compel~~ the OPG ~~Trust~~ SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event ~~if~~ that ~~for some reason~~ the OPG ~~Trust~~SPV, at any time, does ~~chooses~~ not ~~to~~ purchase a portion of the regulatory asset ~~deferred Global Adjustment amounts~~ under the proposed *Fair Hydro ~~Plan~~ Act, 2017*.~~.~~ This short-term financing may also be required before the OPG SPV is operating and before it has its own financing in place to purchase the regulatory asset.~~-~~

- IESO has ~~currently~~ requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the *Fair Hydro Act ~~Plan~~, 2017* implementation. The $2 billion request from IESO is based on current data which could change in order to maintain the *Fair Hydro ~~Plan~~ Act, 2017* and it is proposed that the OIC authorization be~~is~~ $3.5 billion ~~is~~ to ensure there is sufficient contingency in place once the implementation begins..

- For the OFA to accommodate this request, the OFA requires additional borrowing authority from the Minister of Finance to ensure that it has sufficient funds to lend~~can only on-lend funds borrowed from the Minister of Finance, which are authorized under an OIC,~~ hence this request for an OIC.

- The Minister of Finance will be required to provide a Directive to the OFA to direct it to make loans to the IESO in an amount not to exceed ~~for any loans made as a result of this OIC and will subject to the of~~ $3.5 billion. ~~set by this OIC.~~

s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and ~~on-~~lending capacity is instrumental in implementing the proposed Fair Hydro Plan.
- Subject to the approval of the Legislature of the *Fair Hydro Act, 2017*, t~~T~~he Fair Hydro Plan ~~Act are~~is expected to track for Cabinet approval by end of June 2017. [What is tracking to Cabinet? Not the legislation because it has already been approved by Cabinet? Is it regulations? What else?] It is expected that this OIC also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date. [can we get a copy?]

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Fair Hydro Act, 2017* ~~Plan~~ and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to. [Can we get a copy of this related note?]

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act* – ~~related to the proposed *Fair Hydro Act*~~**

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would~~will~~ allow the OFA to ~~on~~ lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation ~~as required under~~ of the Province's proposed *Fair Hydro Act*, *2017*, subject to the approval of the Legislature.

Under the mechanism in the proposed *Fair Hydro Act*, *2017*, the IESO would incur a funding shortfall because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. ~~as a result of [the deferral of the collection of Global Adjustment amounts related to clean energy costs.].~~ ~~t~~The IESO has requested ~~requires~~ a revolving credit facility to cover any such funding shortfalls ~~clean energy costs~~ if ~~for some reason~~ the financing entity to be established by OPG –("OPG SPV~~Trust~~"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the *Fair Hydro Act, 2017.*~~, . the deferred Global Adjustment amounts, .~~

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province~~;~~. ~~For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend.~~ This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA

to make the loan to the IESO, a direction from the Minister of Finance under CIPA will be required in future. [NTD: will this come forward in future after June 27th?]

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend ~~approve~~ the OIC. This OIC is on track to be considered~~approved~~ on June 27, 2017 together with proposed submission related to the proposed *Fair Hydro Act*, *2017*.

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

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Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance ~~obtaining authorization~~ to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would~~will~~ allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of~~as required under~~ the Province's proposed *Fair Hydro Act, 2017.*

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Under the mechanism in the proposed *Fair Hydro Act, 2017*, the IESO would incur a funding shortfall because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The IESO has requested a revolving credit facility to cover any such funding shortfalls if the financing entity to be established by OPG ("OPG SPV"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the *Fair Hydro Act, 2017*.

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will be required in future.

~~Under the mechanism in the proposed *Fair Hydro Act*, the IESO requires a revolving credit facility to cover clean energy costs if for some reason the Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts. For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA.~~

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Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment
c. Gadi Mayman

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Rundans, Patrick (MOF)
To: Salman Qadir; Sarah Harris
Cc: Shajee Kathirgamanathan; Bruno Amara; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Friday, May 26, 2017 4:40:48 PM
Attachments: 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v3_MH-TPW-PR Comments (2).doc
2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM MH-PR(2).doc
3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister PR.doc
CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

Salman,

The MOF Legal comments on the LRC note and draft memos are attached for your review.

Also attached is an updated draft of the OIC to include the amount and repayment date.

Please let us know if you have any questions.

Thanks,

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 5:16 PM
To: Harris, Sarah (OFA); Rundans, Patrick (MOF)
Cc: Kathirgamanathan,Shajee (OFA); Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the OFA in an amount of up to $3.5 billion. Under the proposed OIC, loan(s) could be advanced during the period ~~This authorization will be valid~~ between the effective date of the OIC and June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to allow the OFA to provide loans to the IESO and will help to fulfil the commitments under the proposed Fair Hydro Act, 2017. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed *Fair Hydro ~~Plan~~ Act, 2017*. [NTD: This is the name of the proposed Act – do we sometimes want to refer to the Fair Hydro Plan versus the Act?]

s. 2 Approach and Intended Outcomes

- Under CIPA, ~~T~~the OFA provides financing to public bodies ~~government entities~~ as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. ~~For the OFA to on-lend, the OFA borrows from the Province.~~ This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the proposed *Fair Hydro Act, 2017*.

- It is expected that as part of the implementation of the proposed arrangements, the Minister of Finance will direct ~~T~~the OFA ~~will be required~~ to provide a revolving credit facility for ~~market~~ short term financing and liquidity purposes [NTD: is it for market liquidity purposes? Isn't it to cover any

shortfall?] related to the on-going *Fair Hydro Plan Act, 2017*. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- A key element of the proposed Fair Hydro Plan Act results in the IESO ~~to incurring a~~incurring a funding shortfall. This funding shortfall arises because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The Fair Hydro Plan allows the IESO to sell the right ~~[due to the deferral of collecting Global Adjustment amounts?]…[explain more accurately]. and The IESO unilaterally will selling that right~~ to recover ~~that~~those deferred amounts ~~shortfall~~ from specified consumers in the future ~~shortfall as an~~ (the "regulatory asset"). It is anticipated that the regulatory asset will be purchased by ~~to~~ the financing entity to be established by OPG ("OPG ~~Trust~~SPV") [NTD: My understanding is that it is expected to be a trust, but it is not certain yet and no benefit to narrowing here]. The proposed legislation does not require ~~compel~~ the OPG ~~Trust~~ SPV to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event ~~if~~ that ~~for some reason~~ the OPG ~~Trust~~SPV, at any time, does ~~chooses~~ not ~~to~~ purchase a portion of the regulatory asset ~~deferred Global Adjustment amounts~~ under the proposed *Fair Hydro ~~Plan~~ Act, 2017*.~~.~~ This short-term financing may also be required before the OPG SPV is operating and before it has its own financing in place to purchase the regulatory asset.~~-~~

- IESO has ~~currently~~ requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the *Fair Hydro Act ~~Plan~~, 2017* implementation. The $2 billion request from IESO is based on current data which could change in order to maintain the *Fair Hydro ~~Plan~~ Act, 2017* and it is proposed that the OIC authorization be~~is~~ $3.5 billion ~~is~~ to ensure there is sufficient contingency in place once the implementation begins..

- For the OFA to accommodate this request, the OFA requires additional borrowing authority from the Minister of Finance to ensure that it has sufficient funds to lend~~can only on-lend funds borrowed from the Minister of Finance, which are authorized under an OIC,~~ hence this request for an OIC.

- The Minister of Finance will be required to provide a Directive to the OFA to direct it to make loans to the IESO in an amount not to exceed ~~for any loans made as a result of this OIC and will subject to the of~~ $3.5 billion. ~~set by this OIC.~~

s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and ~~on-~~lending capacity is instrumental in implementing the proposed Fair Hydro Plan.
- Subject to the approval of the Legislature of the *Fair Hydro Act, 2017*, t~~T~~he Fair Hydro Plan ~~Act are~~is expected to track for Cabinet approval by end of June 2017. [What is tracking to Cabinet? Not the legislation because it has already been approved by Cabinet? Is it regulations? What else?] It is expected that this OIC also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date. [can we get a copy?]

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister will be required that will provide direction on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed *Fair Hydro Act, 2017* ~~Plan~~ and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to. [Can we get a copy of this related note?]

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act* – ~~related to the proposed *Fair Hydro Act*~~**

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would~~will~~ allow the OFA to ~~on~~ lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation ~~as required under~~ of the Province's proposed *Fair Hydro Act*, *2017*, subject to the approval of the Legislature.

Under the mechanism in the proposed *Fair Hydro Act*, *2017*, the IESO would incur a funding shortfall because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. ~~as a result of [the deferral of the collection of Global Adjustment amounts related to clean energy costs.].~~ ~~t~~The IESO has requested ~~requires~~ a revolving credit facility to cover any such funding shortfalls ~~clean energy costs~~ if ~~for some reason~~ the financing entity to be established by OPG –("OPG SPV~~Trust~~"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the *Fair Hydro Act, 2017.*~~, . the deferred Global Adjustment amounts, .~~

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province~~;~~. ~~For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend.~~ This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA

to make the loan to the IESO, a direction from the Minister of Finance under CIPA will be required in future. [NTD: will this come forward in future after June 27th?]

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend ~~approve~~ the OIC. This OIC is on track to be considered~~approved~~ on June 27, 2017 together with proposed submission related to the proposed *Fair Hydro Act*, *2017*.

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act*~~related to the proposed Fair Hydro Act~~**

Attached for your approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance ~~obtaining authorization~~ to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would~~will~~ allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of~~as required under~~ the Province's proposed *Fair Hydro Act, 2017.*

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Under the mechanism in the proposed *Fair Hydro Act, 2017*, the IESO would incur a funding shortfall because the IESO will not collect enough Global Adjustment amounts to fund the IESO's contractual obligations to electricity producers and service providers in the current period, but instead defer some of those amounts to be collected in the future. The IESO has requested a revolving credit facility to cover any such funding shortfalls if the financing entity to be established by OPG ("OPG SPV"), at any time, chooses not to purchase a portion of the regulatory asset which would consist of the right to recover the funding shortfall from specified consumers in future as set out in the *Fair Hydro Act, 2017*.

The OFA obtains the funding it needs to carry out its lending program by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA. In addition, in order for the OFA to make the loan to the IESO, a direction from the Minister of Finance under CIPA will be required in future.

~~Under the mechanism in the proposed *Fair Hydro Act*, the IESO requires a revolving credit facility to cover clean energy costs if for some reason the Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts. For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA.~~

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Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment
c. Gadi Mayman

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: Salman Qadir; Patrick Rundans (MOF)
Cc: Shajee Kathirgamanathan; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Thursday, May 25, 2017 3:46:58 PM

Hi Salman,
I think the DMO would need to get the ok from CO, so I would ask DMO specifically what the latest acceptable cut off would be. I doubt Monday would be a problem, though.
Sarah

From: Salman Qadir
Sent: Thursday, May 25, 2017 3:06 PM
To: Sarah Harris ; Patrick Rundans (MOF)
Cc: Shajee Kathirgamanathan ; Bruno Amara
Subject: Re: OIC s22 CIPA - OFA-IESO

Hi Sarah,
Thanks for this. DMO is aware and we now have a tracking number: OICNA-13188.
Since we have a tracking number, can this wait a few days? I note that Gadi is away this week anyways (Ron is acting) and DMO is aware of this. I assume if its okay with DMO, we can wait?
Thanks,
Salman

From: Sarah Harris
Sent: Thursday, May 25, 2017 2:16 PM
To: Salman Qadir; Patrick Rundans (MOF)
Cc: Shajee Kathirgamanathan; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman and Patrick,
I was sick yesterday and did not have the opportunity to comment on the drafts. Please see my comments, attached.
Patrick – my understanding (through Dimitri working on the other OFA OIC for name changes) is that the materials for the June 27th LRC are due to be delivered to the DMO office by EOD tomorrow. Is this your understanding? Salman – if this is the case, this OIC package will need to be signed by Gadi tomorrow and delivered to Patrick tomorrow for LSB's sign-off as well (Patrick I'm assuming you would be delivering the package).
Salman, you'll also have to make sure that a) the item has been entered into EVISTA by the DMO and you have the EVISTA number and 2) that you have made them aware that the package is coming. To that point, you should also coordinate with Anna in Gadi's office to let her know that you will have package for signing by Gadi and to confirm his availability. You'll need a covering blue sign-off sheet. Let me know if you need some of the 'special blue paper' for printing.
Finally, on the LRC approval form, you can insert the following as the Policy Advisor at the DMO: DMO contact: Jonathan Tekle 416-325-8736. You should be able to touch base with Jonathan to confirm the following information for your LRC Approval Form:

Cabinet Office Policy	[name] [title]	

	Cabinet Office	

Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 5:16 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,
Salman

From: Sarah Harris
To: Salman Qadir; Patrick Rundans (MOF)
Cc: Shajee Kathirgamanathan; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Thursday, May 25, 2017 2:16:46 PM
Attachments: 1 - CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v3.doc
2 - CIPA - OIC s22 - OFA_FHP - LRC_Memo CEO to DM.doc
3 - CIPA - OIC s22 - OFA_FHP - LRC_Memo DM to Minister.doc

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Will keep you posted on any further developments.
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Salman

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

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Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

CONFIDENTIAL CABINET DOCUMENT
LRC Ministry Approval Form – version 10.02

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA")~~CIPA~~, which will authorize the Minister of Finance to provide ~~a~~ loan(s) to the OFA in an amount of up to $3.5 billion. This authorization will be valid between the date of ~~this approval~~the OIC is approved and ~~March 31~~June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA authorized by the Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed Fair Hydro Plan Act.

-

s. 2 Approach and Intended Outcomes

- The OFA provides financing to government entities as directed by the Minister of Finance. For the OFA to on-lend, the OFA borrows from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act.

- The OFA will be required to provide a revolving credit facility for market liquidity purposes related to the on-going Fair Hydro Plan Act. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO").

- A key element of the proposed Fair Hydro Plan Act results in the IESO ~~to~~ incurring a funding shortfall and unilaterally selling that shortfall as an asset to

Commented [SH2]: For consistency, "the" in front of "IESO" needs to be included throughout the document or excluded throughout (see paragraphs below, where "the" is missing)

OPG Trust. The proposed legislation does not compel OPG Trust to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event ~~if for some reason~~ the OPG Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts under the proposed Fair Hydro Plan Act.

- IESO has currently requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the Fair Hydro Plan implementation. The $2 billion request from IESO is based on current data; it is possible that the data (?) may ~~which could~~ change and ~~in order to maintain the Fair Hydro Plan Act and the OIC authorization is~~ an amount of $3.5 billion is required for the OIC to ensure there is sufficient contingency in order to maintain the Fair Hydro Plan Act once ~~in place once~~ the implementation begins~~.~~.

- For the OFA to accommodate this request, an OIC must be approved to permit the OFA to ~~can only~~ on-lend funds borrowed from the Minister of Finance.
  ~~, which are authorized under an OIC, hence this request.~~

- The Minister of Finance will be required to provide a Directive to the OFA for any loans made as a result of this OIC and will subject to the of $3.5 billion set by this OIC.

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s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in the 2017 Ontario Budget ~~2017~~, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.

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- The ability for the OFA to have the borrowing and on-lending capacity is instrumental in implementing the proposed Fair Hydro Plan.

- The Fair Hydro Plan ~~and its related proposed Fair Hydro~~ Act ~~are~~ is expected to track for Cabinet approval by end of June 2017. It is expected that this OIC will also be approved concurrently, as it is a crucial component of the successfull~~y~~ implement~~ing~~ation of the Fair Hydro Plan.

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- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

Commented [SH3]: Not sure if this is required, but if so, it may be better use plain language, as cost of funds may be an unfamiliar term to non-finance folks.

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s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. ~~The~~A D~~d~~irective from the Minister will be required that will provide direction on~~provides details on~~ how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council related to the proposed Fair Hydro Act**

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan~~(s)~~ to the Ontario Financing Authority ("OFA"). The proceeds from these loans will allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") as required under the Province's proposed Fair Hydro Plan Act.

Under the mechanism in the proposed Fair Hydro Plan Act, the IESO requires a revolving credit facility to cover clean energy costs if for some reason the Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts. For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA.

Commented [SH1]: Not sure if this level of description is required? Is it possible to delete and to combine the 1st and 2nd paragraphs ?

Attached for your signature is a memorandum from you to the Minister requesting that the Minister approve the OIC. This OIC is on track to be approved on June 27, 2017 together with proposed submission related to the proposed Fair Hydro Plan Act.

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

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Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment
c. Gadi Mayman

From: Sarah Harris
To: Salman Qadir; Patrick Rundans (MOF)
Cc: Shajee Kathirgamanathan; Bruno Amara
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LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Commented [SH1]: To be filled in.

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

CONFIDENTIAL CABINET DOCUMENT
LRC Ministry Approval Form – version 10.02

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA")~~CIPA~~, which will authorize the Minister of Finance to provide ~~a~~ loan(s) to the OFA in an amount of up to $3.5 billion. This authorization will be valid between the date of ~~this approval~~the OIC is approved and ~~March 31~~June 30, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA authorized by the Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed Fair Hydro Plan Act.

-

s. 2 Approach and Intended Outcomes

- The OFA provides financing to government entities as directed by the Minister of Finance. For the OFA to on-lend, the OFA borrows from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act.

- The OFA will be required to provide a revolving credit facility for market liquidity purposes related to the on-going Fair Hydro Plan Act. In particular, the OFA will be lending to the Independent Electricity System Operator ("IESO").

- A key element of the proposed Fair Hydro Plan Act results in the IESO ~~to~~ incurring a funding shortfall and unilaterally selling that shortfall as an asset to

Commented [SH2]: For consistency, "the" in front of "IESO" needs to be included throughout the document or excluded throughout (see paragraphs below, where "the" is missing)

OPG Trust. The proposed legislation does not compel OPG Trust to purchase any portion of the regulatory asset. As a result, IESO requires short-term financing in place in the event ~~if for some reason~~ the OPG Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts under the proposed Fair Hydro Plan Act.

- IESO has currently requested that the OFA provide a revolving credit facility of up to $2 billion to support its role in the Fair Hydro Plan implementation. The $2 billion request from IESO is based on current data; it is possible that the data (?) may ~~which could~~ change and ~~in order to maintain the Fair Hydro Plan Act and the OIC authorization is~~ an amount of $3.5 billion is required for the OIC to ensure there is sufficient contingency in order to maintain the Fair Hydro Plan Act once ~~in place once~~ the implementation begins~~.~~.

- For the OFA to accommodate this request, an OIC must be approved to permit the OFA to ~~can only~~ on-lend funds borrowed from the Minister of Finance.
  ~~, which are authorized under an OIC, hence this request.~~

- The Minister of Finance will be required to provide a Directive to the OFA for any loans made as a result of this OIC and will subject to the of $3.5 billion set by this OIC.

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s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in the 2017 Ontario Budget ~~2017~~, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.

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- The ability for the OFA to have the borrowing and on-lending capacity is instrumental in implementing the proposed Fair Hydro Plan.

- The Fair Hydro Plan ~~and its related proposed Fair Hydro~~ Act ~~are~~ is expected to track for Cabinet approval by end of June 2017. It is expected that this OIC will also be approved concurrently, as it is a crucial component of the successfull~~y~~ implement~~ing~~ation of the Fair Hydro Plan.

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- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

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s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. ~~The~~A D~~d~~irective from the Minister will be required that will provide direction on~~provides details on~~ how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council related to the proposed Fair Hydro Act**

Attached for the Minister's approval and signature is an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan~~(s)~~ to the Ontario Financing Authority ("OFA"). The proceeds from these loans will allow the OFA to on-lend to the Independent Electricity Systems Operator ("IESO") as required under the Province's proposed Fair Hydro Plan Act.

Under the mechanism in the proposed Fair Hydro Plan Act, the IESO requires a revolving credit facility to cover clean energy costs if for some reason the Trust, at any time, chooses not to purchase a portion of the deferred Global Adjustment amounts. For the OFA to lend to the IESO, the OFA must be able to borrow from the Minister of Finance to on-lend. This proposed OIC authorizes the Minister of Finance to lend up to Canadian $3.5 billion to the OFA.

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Attached for your signature is a memorandum from you to the Minister requesting that the Minister approve the OIC. This OIC is on track to be approved on June 27, 2017 together with proposed submission related to the proposed Fair Hydro Plan Act.

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

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Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment
c. Gadi Mayman

From:	Bruno Amara
To:	Patrick Rundans (MOF)
Cc:	John Kim; Salman Qadir; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Gavin He; Sarah Harris
Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Thursday, June 01, 2017 5:31:15 PM

Thanks Patrick

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Thursday, June 01, 2017 5:25 PM

To: Gavin He ; Sarah Harris

Cc: John Kim ; Salman Qadir ; Bruno Amara ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)

Subject: RE: OIC s22 CIPA - OFA-IESO

The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

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Thanks,

Gavin He

From: Bruno Amara

Sent: Wednesday, May 31, 2017 5:23 PM

To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

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Gavin, I will let you know as soon as possible.

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Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,
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Subject:	RE: OIC s22 CIPA - OFA-IESO
Date:	Thursday, June 01, 2017 5:25:12 PM
Attachments:	LRC Approval Form (MOF Legal Comments).docx CEO to DM (MOF Legal).docx DM to Minister (MOF Legal).docx CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx

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Sent: Wednesday, May 31, 2017 5:23 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,

As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.

Thanks

Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com[blackberry.com])

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,
Hope your day is going well!
Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.
Thanks,
Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO
I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com[blackberry.com])

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick
Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached “4 – CIPA s.22…” , but of course, this should be reviewed.
Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM

To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick

Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by ~~[~~December 31, 2047~~]~~.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA ~~under which~~, and in turn ~~-~~the OFA has provided loans and credit facilities to colleges, school boards and other public bodies ~~agencies~~ such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the ~~overall~~authority of the Minister of Finance ~~lending authority~~ to lend to the OFA ~~to allow~~ which will provide the OFA with the capacity to provide loans ~~under credit facilities requested by~~to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017*~~, under anticipated and potential timing differences~~ as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under ~~upon the enactment of~~ the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the

Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the ~~ on-going~~ *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. At certain times Global Adjustment amounts ~~initially~~ collected from ratepayers will~~, therefore,~~ be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* ~~allows~~gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to finance that ~~asset~~deferral.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC ~~authorization be for~~authorize the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO in an amount not to exceed $2.05 ~~5~~ billion.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 million.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister ~~will be required that will~~may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

June , 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for the Minister's review and consideration is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017*, subject to the approval of the Legislature.

IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. At certain times, Global Adjustment amounts ~~initially~~ collected from ratepayers will ~~, therefore,~~ be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives~~allows~~ the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to finance that deferral~~that asset~~. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the proposed legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Attached for your signature is a memorandum from you to the Minister requesting that the Minister recommend the OIC. This OIC is on track to be considered at LRC on June 27, 2017 together with proposed Ministry of Energy submission for regulations related to the *Ontario Fair Hydro Plan Act, 2017.*

Staff are available to address any questions you may have regarding this matter.

Gadi Mayman

Attachment

c. Ronald Kwan, ADM, Corporate and Electricity Finance Division
John Kim, Director, Electricity Finance Branch, Ontario Financing Authority

Ministry of Finance
Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel (416) 325-1590
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Ministère des Finances
Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister of Finance

SUBJECT: **Approval of an Order in Council under section 22 of the *Capital Investment Plan Act***

Attached for your approval and signature is a submission for an Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act* ("CIPA") for the purpose of authorizing the Minister of Finance to make loan(s) to the Ontario Financing Authority ("OFA"). The proceeds from these loans would allow the OFA to lend to the Independent Electricity Systems Operator ("IESO") in connection with the implementation of the Province's *Ontario Fair Hydro Plan Act, 2017.*

IESO has requested that the OFA provide a revolving credit facility of up to $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. At certain times, Global Adjustment amounts ~~initially~~ collected from ratepayers will~~, therefore,~~ be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The *Ontario Fair Hydro Plan Act, 2017* gives~~allows~~ the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to finance that deferral ~~that asset~~. It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG SPV"), an OPG special purpose vehicle or trust. The cash received from selling the regulatory asset would be used by the IESO to fund the current Global Adjustment shortfall.

There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017. Even once the SPV is set up to borrow, there may be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

As a result, IESO requires short-term financing to be in place for initial and potential monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset

The OFA obtains the funding it needs to carry out its lending programs by borrowing from the Province. This proposed OIC authorizes the Minister of Finance to lend up to an additional Canadian $2.0 billion to the OFA. In addition, in order for the OFA to provide the IESO its requested credit facility, a direction from the Minister of Finance to the OFA under CIPA will also be required.

Staff of the Ontario Financing Authority are available to address any questions you may have regarding this matter.

Scott Thompson

Attachment

c. Gadi Mayman, CEO, Ontario Financing Authority
Ronald Kwan, ADM, Ontario Financing Authority

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: Opal Kandelas
Subject: RE: OIC s22 CIPA - OFA-IESO
Date: Tuesday, June 06, 2017 3:14:37 PM

☺ I'm positively sure you would effect an eye roll. All good here. I'm still smiley and happy.

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 3:06 PM
To: Sarah Harris
Subject: RE: OIC s22 CIPA - OFA-IESO

Thanks. "eye roll" eh? sounds like I'm having a less than positive effect on you!

From: Sarah Harris
Sent: Tuesday, June 06, 2017 3:03 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi Opal,

Here is the final OIC package for your enjoyment and perusal (insert eye roll here).

Thanks,

Sarah

From: Gavin He
Sent: Friday, June 02, 2017 3:27 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick,

Please find attached the final version of the draft package. We will bring this over for your signature on the OIC once ready.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Thursday, June 01, 2017 5:25 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

The MOF Legal comments on the LRC approval form and memos are attached. Also attached is an updated OIC from the translators.

Patrick

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538

F: 416-325-1460

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From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: May 31, 2017 5:33 PM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Kim, John (OFA); Salman Qadir; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi all,

Sorry for the confusion. Please use the latest version of the LRC Approval Form instead.

Thanks,

Gavin He

From: Bruno Amara
Sent: Wednesday, May 31, 2017 5:23 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OIC s22 CIPA - OFA-IESO

Hi All,

As you may be aware The Fair Hydro Act was passed today. As a result we updated language in the materials. E.g., ~~*proposed*~~ *Ontario Fair Hydro Act, 2017.* No content changes. I think these updates affected the first three attached documents but not the 4th , i.e., the OIC.

Thanks

Bruno

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Wednesday, May 31, 2017 4:14 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

Gavin, I will let you know as soon as possible.

Sent with BlackBerry Work (www.blackberry.com)

From: [Gavin He <Gavin.He@ofina.on.ca>]
Sent: May 31, 2017 4:08 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [RE: OIC s22 CIPA - OFA-IESO]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

Hope your day is going well!

Just want to check in with you to see if you have got a chance to review the updated package that Salman sent you yesterday? Please let me know if you are good with the updated package.

Thanks,

Gavin He

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Wednesday, May 31, 2017 12:42 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OIC s22 CIPA - OFA-IESO

I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick

Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.

Thanks

Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick

Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,

Salman

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From:	Opal Kandelas
To:	Sarah Harris
Cc:	Kelly Listoe
Subject:	RE: Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1.docx
Date:	Wednesday, May 31, 2017 10:56:35 AM

Thanks. Flipping to Carlos as Energy seems to be in a hurry to get OFA comments.
Opal.

From: Sarah Harris
Sent: Wednesday, May 31, 2017 10:49 AM
To: Opal Kandelas
Cc: Kelly Listoe
Subject: Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1.docx
Hi Opal,
I've filled in the last part for IESO.
Sarah

From:	Opal Kandelas
To:	Sarah Harris
Cc:	Kelly Listoe
Subject:	RE: Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1.docx
Date:	Wednesday, May 31, 2017 10:56:35 AM

Thanks. Flipping to Carlos as Energy seems to be in a hurry to get OFA comments.
Opal.

From: Sarah Harris
Sent: Wednesday, May 31, 2017 10:49 AM
To: Opal Kandelas
Cc: Kelly Listoe
Subject: Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1.docx
Hi Opal,
I've filled in the last part for IESO.
Sarah

From: Sarah Neville
To: Sarah Harris; Malle Hanslep (MOF)
Subject: RE: Prom Notes
Date: Monday, June 12, 2017 1:00:41 PM

Hi Sarah – I will ask for our file list/original documents list to be searched.
Sarah

From: Sarah Harris
Sent: Monday, June 12, 2017 12:26 PM
To: Malle Hanslep (MOF) ; Sarah Neville
Subject: Prom Notes

Hi Sarah and Malle,
As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC. Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.
Would you have any record of this prom note having been executed?
Thanks,
Sarah

From: Sarah Neville
To: Sarah Harris; Malle Hanslep (MOF)
Subject: RE: Prom Notes
Date: Monday, June 12, 2017 1:00:41 PM

Hi Sarah – I will ask for our file list/original documents list to be searched.
Sarah

From: Sarah Harris
Sent: Monday, June 12, 2017 12:26 PM
To: Malle Hanslep (MOF) ; Sarah Neville
Subject: Prom Notes

Hi Sarah and Malle,
As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC. Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.
Would you have any record of this prom note having been executed?
Thanks,
Sarah

From:	Sarah Harris
To:	Sarah Neville; Malle Hanslep (MOF)
Subject:	RE: Prom Notes
Date:	Monday, June 12, 2017 1:06:56 PM

Thank you, Sarah.

From: Sarah Neville
Sent: Monday, June 12, 2017 1:01 PM
To: Sarah Harris ; Malle Hanslep (MOF)
Subject: RE: Prom Notes

Hi Sarah – I will ask for our file list/original documents list to be searched.
Sarah

From: Sarah Harris
Sent: Monday, June 12, 2017 12:26 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: Prom Notes

Hi Sarah and Malle,
As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC. Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.
Would you have any record of this prom note having been executed?
Thanks,
Sarah

From: Salman Qadir
To: Sarah Harris; Patrick Rundans (MOF)
Subject: RE: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 2:23:35 PM
Attachments: Minister"s Directive Loan to OLGC 2014 (clean).doc

---

Hi all,

Attached is an example of a recent/previous directive I will be working off with OFA legal. See the last paragraph. I think this should help shed some light.

Salman

-----Original Message-----
From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:19 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Question - OIC for new IESO Credit Facility

Thank you, Patrick. Salman just had a word with me that this is handled through the directive.

Sarah

-----Original Message-----
From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 2:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: Re: Question - OIC for new IESO Credit Facility

Hi Sarah,

I'll take a closer look and will let you know asap. I think we amended all CIPA OIC's back in 2012 to include this provision so I'll see if we have briefing materials. I think It's handled in the directive but will confirm.

Patrick

Sent with BlackBerry Work (www.blackberry.com) _____
From: [Sarah Harris <Sarah.Harris@ofina.on.ca>]
Sent: May 30, 2017 2:01 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: Question - OIC for new IESO Credit Facility]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

I just wanted to ask you a question, please, for my own knowledge, regarding section (c)(ii) of the OIC. The OIC states:

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

In relation to the above highlighted section, how would the 'Minister' specify the amount to be deducted? Unlike the two existing OICS (attached) the OFA uses for lending to 3rd parties which overtly specify the rates, our draft OIC provides discretion to the Minister. I'm not aware of how/if the Minister's authority to determine the amount to be deducted has somehow been delegated to the OFA (perhaps this is a question for Sarah Neville?), or would this be included in the Minister's directive for the credit facility?

Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to the 90 day ONT T-Bill yield. Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,
Sarah

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prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

DIRECTIVE
MINISTER OF FINANCE
LOAN TO ONTARIO LOTTERY AND GAMING CORPORATION

To: Ontario Financing Authority ("OFA")

WHEREAS the Ontario Lottery and Gaming Corporation ("OLG") has requested a loan from the OFA for the purpose of financing the development and implementation of its Gaming Management System ("GMS") Program;

AND WHEREAS the Minister of Finance issued a Directive to the OFA, dated December 4th, 2012, which referenced a loan to the OLG for the purpose of upgrading the GMS (the "2012 Directive");

AND WHEREAS this directive replaces the 2012 Directive for the purposes of the GMS.

THEREFORE:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the OLG a maximum principal aggregate amount of up to C$35,200,000, plus accrued interest, available in two loan facilities (the "Loan"), on the terms set forth below, for the purpose of financing the development and implementation of the GMS Program.

- The term of the Loan shall be as follows:
  - Facility 1: Non-revolving facility during the development and implementation phase of the GMS Program.
  - Facility 2: up to 5-year term loan following project completion.

- Interest on Facility 1 shall be payable at the Province of Ontario's cost of funds, as determined by the OFA, plus a spread to recover the OFA's lending costs (the "Cost Recovery Fee") and, in addition to the Cost Recovery Fee, a spread to reflect commercial rates (the "Commercial Spread"). The rates for both the Cost Recovery Fee and the Commercial Spread shall be specified in the OFA's Lending Policy, as amended from time to time.

- Interest on Facility 2 shall be payable at the Province of Ontario's cost of funds for an amortizing bond equal to the term of the Facility 2 loan, as determined by the OFA, plus the Cost Recovery Fee and the Commercial Spread.

- The Loan shall be conditional upon approval for the Loan being given under subsection 28 (1) of the *Financial Administration Act;*

- The Loan shall be subject to such terms and conditions as are consistent with this directive and the OFA's Lending Policy, and which are approved from time to time in writing by the Chief Executive Officer of the OFA or the Assistant Deputy

Minister, Corporate and Electricity Finance Division, OFA, or by a person designated by either of them.

The terms of the Loan shall be set out in a loan agreement to be entered into between the OFA and OLG.

Pursuant to Orders in Council 675/97, 767/99, 1883/2006, 2144/2007, 300/2010 and 163/2012, all as amended, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that the amount of the spread to be retained by the OFA for the Loan shall be equal to the sum of the Cost Recovery Fee and the Commercial Spread.

Dated , 2014

The Honourable Charles Sousa
Minister of Finance

From: Anis Hirani
To: Sarah Harris
Subject: RE: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 11:58:58 AM

Hi Sarah

Spoke to Mike. It's fine.

Thanks

Ontario

Anis Hirani
Administration Lead
Capital Markets Division
Ontario Financing Authority
www.ofina.on.ca
anis.hirani@ofina.on.ca
Phone: (416) 325-5890

Please consider the environment before printing this email. *

From: Sarah Harris
Sent: Tuesday, May 30, 2017 11:42 AM
To: Anis Hirani
Subject: FW: Question - OIC for new IESO Credit Facility

Hi Anis,

I'm working from home today, as was hoping to get Mike's attention on an e-mail that I sent to him below. I just IM'd him, but see that his status is inactive. This is fairly time sensitive, as this relates to a package that must go to the DMO today.

When he gets back to his office, and if he is free, could you please let him know that I was looking to please get his attention to take a look at the e-mail. I don't think it would take long for him to attend to; I just want to ensure that a couple of rates look ok in an OIC.

Thanks,

Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 11:14 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: Question - OIC for new IESO Credit Facility

Hi Mike,

I originally sent this e-mail below to Linda and she thought it looked fine, but she thought I should also run it by you.

As part of putting in place the new credit facility between IESO and the OFA, a new OIC is required for the OFA to borrow from the Province, so the Province may in turn make loans to IESO. As matter of prudence, I am asking is for you to review the rates that the OFA pays to the Province in the OIC are still appropriate. The OIC package must go to the DMO today.

In short, the rates included in the OIC are effectively the same as the existing OIC underpinning the $975 million credit facility between the OFA and IESO. Specifically, section(c)(ii) of the OIC says if the

OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.
The OIC also contains a more general borrowing rate. That is, Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** However, for the purposes of this OIC, it is unlikely that this section would ever be used.
Again, both rates above are consistent with existing OICs.
Please let me if these rates look okay.
Thanks,
Sarah

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From: Anis Hirani
To: Sarah Harris
Subject: RE: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 11:58:58 AM

Hi Sarah

Spoke to Mike. It's fine.

Thanks

Ontario

Anis Hirani
Administration Lead
Capital Markets Division
Ontario Financing Authority
www.ofina.on.ca
anis.hirani@ofina.on.ca
Phone: (416) 325-5890

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From:	Sarah Harris
To:	Anis Hirani
Subject:	RE: Question - OIC for new IESO Credit Facility
Date:	Tuesday, May 30, 2017 11:46:20 AM

Thank you, Anis.

From: Anis Hirani
Sent: Tuesday, May 30, 2017 11:45 AM
To: Sarah Harris
Subject: RE: Question - OIC for new IESO Credit Facility

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Hope you are feeling better today.

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From: Sarah Harris
To: Patrick Rundans (MOF)
Cc: Salman Qadir
Subject: RE: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 2:19:01 PM

Thank you, Patrick. Salman just had a word with me that this is handled through the directive.

Sarah

-----Original Message-----
From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 2:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: Re: Question - OIC for new IESO Credit Facility

Hi Sarah,

I'll take a closer look and will let you know asap. I think we amended all CIPA OIC's back in 2012 to include this provision so I'll see if we have briefing materials. I think It's handled in the directive but will confirm.

Patrick

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From: [Sarah Harris <Sarah.Harris@ofina.on.ca>]
Sent: May 30, 2017 2:01 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: Question - OIC for new IESO Credit Facility]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

I just wanted to ask you a question, please, for my own knowledge, regarding section (c)(ii) of the OIC. The OIC states:

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on

which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

In relation to the above highlighted section, how would the 'Minister' specify the amount to be deducted? Unlike the two existing OICS (attached) the OFA uses for lending to 3rd parties which overtly specify the rates, our draft OIC provides discretion to the Minister. I'm not aware of how/if the Minister's authority to determine the amount to be deducted has somehow been delegated to the OFA (perhaps this is a question for Sarah Neville?), or would this be included in the Minister's directive for the credit facility?

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Sent: May 30, 2017 2:01 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: Question - OIC for new IESO Credit Facility]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

I just wanted to ask you a question, please, for my own knowledge, regarding section (c)(ii) of the OIC. The OIC states:

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on

which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

In relation to the above highlighted section, how would the 'Minister' specify the amount to be deducted? Unlike the two existing OICS (attached) the OFA uses for lending to 3rd parties which overtly specify the rates, our draft OIC provides discretion to the Minister. I'm not aware of how/if the Minister's authority to determine the amount to be deducted has somehow been delegated to the OFA (perhaps this is a question for Sarah Neville?), or would this be included in the Minister's directive for the credit facility?

Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

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Please let me know your thoughts.

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This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Sarah Harris
To: Mike Manning
Cc: Opal Kandelas; Salman Qadir
Subject: RE: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 1:29:36 PM

Hi Mike,

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The OIC permits the OFA a couple of options:

(i) the OFA simply borrows funds from the Minister without lending to 3rd parties. In that case, the OFA would pay to the Minister at a rate equal to **the 90 day ONT T-Bill yield, reset every 90 days.** For **the purpose of this OIC (**that is, for the OFA to lend funds to IESO) **this provision would not be used**.

(ii) the OFA borrows funds from the Minister and then lends those funds to 3rd parties. In this case, the OFA would pay the Minister at the rate **equivalent to the rate of interest payable to the OFA under 3rd party loan, less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans. This would be the section applicable to for the OFA lending to IESO. In this circumstance, the OFA can charge IESO Ontario's cost plus 25bps; the OFA would then pay the Minister at this rate, less an amount as may be determined by the Minister.

So the short answer is that, under option (ii), the OFA can charge IESO's cost of plus 25 bps, and then the OFA must pay the Minister at the same rate on the funds, less an amount determined by the Minister. The fact that the Minister decides the amount to be deducted gives us flexibility in determining the spread to deduct when paying back the Province.

The only time option (i) comes into play is IF the OFA ever wants to borrow funds from the Minister without lending those funds to third parties.

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From: Mike Manning
Sent: Tuesday, May 30, 2017 12:56 PM
To: Sarah Harris
Cc: Opal Kandelas ; Salman Qadir
Subject: RE: Question - OIC for new IESO Credit Facility

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From:	Sarah Harris
To:	Anis Hirani
Subject:	RE: Question - OIC for new IESO Credit Facility
Date:	Tuesday, May 30, 2017 11:59:19 AM

Great. Thank you, Anis!

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Sent: Tuesday, May 30, 2017 11:59 AM
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Hi Sarah

Spoke to Mike. It's fine.

Thanks

Ontario
Anis Hirani
Administration Lead
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Ontario Financing Authority
www.ofina.on.ca
anis.hirani@ofina.on.ca
Phone: (416) 325-5890
Please consider the environment before printing this email. *

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Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.
Please let me know your thoughts.
Thanks,
Sarah

From: Salman Qadir
To: Sarah Harris; Patrick Rundans (MOF)
Subject: RE: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 2:23:35 PM
Attachments: Minister"s Directive Loan to OLGC 2014 (clean).doc

---

Hi all,

Attached is an example of a recent/previous directive I will be working off with OFA legal. See the last paragraph. I think this should help shed some light.

Salman

-----Original Message-----
From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:19 PM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Question - OIC for new IESO Credit Facility

Thank you, Patrick. Salman just had a word with me that this is handled through the directive.

Sarah

-----Original Message-----
From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 2:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: Re: Question - OIC for new IESO Credit Facility

Hi Sarah,

I'll take a closer look and will let you know asap. I think we amended all CIPA OIC's back in 2012 to include this provision so I'll see if we have briefing materials. I think It's handled in the directive but will confirm.

Patrick

Sent with BlackBerry Work (www.blackberry.com) _____
From: [Sarah Harris <Sarah.Harris@ofina.on.ca>]
Sent: May 30, 2017 2:01 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: Question - OIC for new IESO Credit Facility]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

I just wanted to ask you a question, please, for my own knowledge, regarding section (c)(ii) of the OIC. The OIC states:

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

In relation to the above highlighted section, how would the 'Minister' specify the amount to be deducted? Unlike the two existing OICS (attached) the OFA uses for lending to 3rd parties which overtly specify the rates, our draft OIC provides discretion to the Minister. I'm not aware of how/if the Minister's authority to determine the amount to be deducted has somehow been delegated to the OFA (perhaps this is a question for Sarah Neville?), or would this be included in the Minister's directive for the credit facility?

Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to the 90 day ONT T-Bill yield. Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,
Sarah

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly

prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

DIRECTIVE
MINISTER OF FINANCE
LOAN TO ONTARIO LOTTERY AND GAMING CORPORATION

To: Ontario Financing Authority ("OFA")

WHEREAS the Ontario Lottery and Gaming Corporation ("OLG") has requested a loan from the OFA for the purpose of financing the development and implementation of its Gaming Management System ("GMS") Program;

AND WHEREAS the Minister of Finance issued a Directive to the OFA, dated December 4th, 2012, which referenced a loan to the OLG for the purpose of upgrading the GMS (the "2012 Directive");

AND WHEREAS this directive replaces the 2012 Directive for the purposes of the GMS.

THEREFORE:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the OLG a maximum principal aggregate amount of up to C$35,200,000, plus accrued interest, available in two loan facilities (the "Loan"), on the terms set forth below, for the purpose of financing the development and implementation of the GMS Program.

- The term of the Loan shall be as follows:
  - Facility 1: Non-revolving facility during the development and implementation phase of the GMS Program.
  - Facility 2: up to 5-year term loan following project completion.

- Interest on Facility 1 shall be payable at the Province of Ontario's cost of funds, as determined by the OFA, plus a spread to recover the OFA's lending costs (the "Cost Recovery Fee") and, in addition to the Cost Recovery Fee, a spread to reflect commercial rates (the "Commercial Spread"). The rates for both the Cost Recovery Fee and the Commercial Spread shall be specified in the OFA's Lending Policy, as amended from time to time.

- Interest on Facility 2 shall be payable at the Province of Ontario's cost of funds for an amortizing bond equal to the term of the Facility 2 loan, as determined by the OFA, plus the Cost Recovery Fee and the Commercial Spread.

- The Loan shall be conditional upon approval for the Loan being given under subsection 28 (1) of the *Financial Administration Act;*

- The Loan shall be subject to such terms and conditions as are consistent with this directive and the OFA's Lending Policy, and which are approved from time to time in writing by the Chief Executive Officer of the OFA or the Assistant Deputy

Minister, Corporate and Electricity Finance Division, OFA, or by a person designated by either of them.

The terms of the Loan shall be set out in a loan agreement to be entered into between the OFA and OLG.

Pursuant to Orders in Council 675/97, 767/99, 1883/2006, 2144/2007, 300/2010 and 163/2012, all as amended, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that the amount of the spread to be retained by the OFA for the Loan shall be equal to the sum of the Cost Recovery Fee and the Commercial Spread.

Dated , 2014

The Honourable Charles Sousa
Minister of Finance

From: Lisa Stein
To: Sarah Harris
Subject: RE: Saw you were up very late last night too!
Date: Friday, June 23, 2017 10:42:59 AM

Hi Sarah,
Do you want to call me at 11?
Thanks,
Lisa

From: Sarah Harris
Sent: Friday, June 23, 2017 10:02 AM
To: Lisa Stein
Subject: Saw you were up very late last night too!

Hi Lisa,

While I was preparing my e-mail to you last night around 1 a.m., I saw you had only been logged off for 25 minutes! We should be both commended and chastised!

Anyways, I'm working from home today. Could you please let me know the best time to call you this morning to take a couple of minutes to discuss the following under the Credit Facility Agreement:

> ***Section 4.2 Maintenance of Properties.***
> *The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.2 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.*

Thanks,
Sarah

From:	Sarah Harris
To:	Lisa Stein
Subject:	RE: Saw you were up very late last night too!
Date:	Friday, June 23, 2017 10:45:35 AM

Sounds good. Will do.

From: Lisa Stein
Sent: Friday, June 23, 2017 10:43 AM
To: Sarah Harris
Subject: RE: Saw you were up very late last night too!

Hi Sarah,

Do you want to call me at 11?

Thanks,

Lisa

From: Sarah Harris
Sent: Friday, June 23, 2017 10:02 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Saw you were up very late last night too!

Hi Lisa,

While I was preparing my e-mail to you last night around 1 a.m., I saw you had only been logged off for 25 minutes! We should be both commended and chastised!

Anyways, I'm working from home today. Could you please let me know the best time to call you this morning to take a couple of minutes to discuss the following under the Credit Facility Agreement:

> ***Section 4.2 Maintenance of Properties.***
> *The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.2 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.*

Thanks,

Sarah

From:	William Tan
To:	Sarah Harris
Subject:	RE: Update to IESO Credit Agreement History
Date:	Monday, June 19, 2017 2:58:40 PM
Attachments:	History of OPA Amending Agreements.doc

Hi Sarah,
I have included your suggestions. Please see my revisions.
Thanks,
Will

From: Sarah Harris
Sent: Monday, June 19, 2017 2:05 PM
To: William Tan
Subject: RE: Update to IESO Credit Agreement History

Hi Will,
Thanks for updating the history. Please see my comment on amending agreement #9. If you could please incorporate the requested additions and resend to me, that would be great.
Thanks,
Sarah

From: William Tan
Sent: Monday, June 19, 2017 1:56 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Update to IESO Credit Agreement History

Hello Sarah,
I've comlpletd the IESO Credit Agreement History. Would you like to review it before I send it to Lisa?
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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OFA-IESO (Formerly OPA) AMENDING AGREEMENTS

(1) Credit Agreement dated January 1, 2005-proved for $500 million line of credit-provides for repayment dates of 1 month, 2 month or 3 month from the Advance Date; Advances to be made any day prior to November 30, 2006. Mandatory Repayment Date December 31, 2006;

(2) Amending Letter- dated February 14, 2005- Clause 4.7 amended by substituting the word "Agreement" for the word "Services;

(3) Amending Agreement No. 3 dated October 11, 2005-line of credit increased to $975,000,000;

(4) Amending Agreement No. 4 dated September 27, 2006-Mandatory Repayment Date extended from December 31, 2006 to December 31, 2010;

(5) Amending Agreement No. 5 dated July 13, 2007 – amended the Advances to OPA from November 20, 2006 to November 30, 2010; amended date re all interest accrued in Event of Default from December 31, 2006 to December 31, 2010 *(this point added by Karin)*

(6) Amending Agreement No. 6 dated November 9, 2010 – Mandatory Repayment Date extended from Dec 31, 2010 (per Amending Agreement No. 4) to December 31, 2013; Advances to OPA extended to November 30, 2013; amended date in the Event of Default (all interest accrued and amounts owing) from December 31, 2010 (per Amending Agreement No. 5) to December 31, 2013.

(7) Amending Agreement No. 7 dated December 20, 2013 – Mandatory Repayment Date extended from December 31, 2013 to December 31, 2016; Advances to OPA extended to November 30, 2016.

(8) Amending Agreement No. 8 dated December 19, 2014 – OPA and IESO amalgamation pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014*. The new merged entity "IESO" assumes all rights and obligations under the existing OFA - OPA $975 million credit facility agreement.

(9) Amending Agreement No. 9 dated November 30, 2016 – Definition update; References to IESO update; Mandatory Repayment Date extended from December 31, 2016 to December 31, 2019; Advances to IESO extended from November 30, 2016 to November 30, 2019; Amended Notice for Advancements extended from One business day to Two business days; Amended from previous undefined minimum and maximum minimum Advance Period to a defined period of 28 days and up to a maximum of 95 days for the initial period and recurring period; Amended address and contact information;

(10) Amending Agreement No 10 dated July 1, 2017 – line of credit decrease to $475,000,000; June 19, 2017

A. Pivnick
July 25, 2007

Lenin Alvarez-Bravo
August 17, 2016

Updated William Tan
June 19, 2017

From: Sarah Harris
To: William Tan
Subject: RE: Update with the FHP Agreement.
Date: Friday, June 16, 2017 9:49:33 AM

HI,
Here are my answers.
Thanks,
Sarah

From: William Tan
Sent: Friday, June 16, 2017 8:50 AM
To: Sarah Harris
Subject: Update with the FHP Agreement.

Update with the FHP Agreement.

1. Page number issue – Yesterday I asked Karin (18k expert) for some assistance with Word and how to fix my issue with automated page formatting. She was unable to help after some difficulty. She recommended that I copy each page to a new document and reformat each page. There was possibly some hidden codes that transferred over when I converted the original agreement from PDF to Word format. I copied each page and reformatted each page last night. OK, thanks.
2. Grid Note - I noticed the original grid note (portrait style) did not resemble the current grid note available on OLMS. I created a New Grid Note (landscape style) to be included in the agreement. I noticed when I include a landscape document in Word, it effects the proceeding pages to landscape as well. I'm figuring out how to fix this. No need to reformat. The grid note table is representative. The table is updated in the system and can be printed out.
3. Cost of funds over 40 days – I discovered that previously Cash Management and Settlements handled the Borrowing Notice requests. Carlos/Trading has taken over this task (thus the confusion of when to use 1 month cost of funds vs 3 month cost of funds. OK, could you please describe for the me the process still of how that would work from the time IESO decides it needs an advance to the point where the advance details are finalized (including how Carlos determines how to apply the cost of the borrowing for a given period, since we need to confirm the wording in the agreement is correct i.e. specifically, we say in the agreement that the rate is the cost of funds for a 'similar' term, and we want to understand if that term ("similar") accurately describes what is being done in practice).
4. Procedure update – IESO no longer executes the grid note. Borrowing notice is sent to Settlements and Cash Management. The Borrowing Notice is sent to Carlos. Carlos prices the request. Settlements sends the grid note to IESO and the trade is settled. IESO must execute the grid note or it is not a valid evidence of indebtedness.

I will be working on this items today and try my very best to get a copy to Lisa as soon as possible today.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: Opal Kandelas
To: Sarah Harris
Subject: RE: follow up from meeting
Date: Tuesday, June 06, 2017 3:18:58 PM

Yes. he mentioned 0/0 thresholds and initial margin potential to be specific.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 3:12 PM
To: Opal Kandelas
Subject: RE: follow up from meeting

Thanks for letting me know.
Also, with a potential move to two way CSAs, Sab brought up the idea that we may want to reconsider clearing due to costs. Given his credit background and recent bank experience, I asked him provide any initial information he might think is helpful in a discussion. I told him we considered clearing back in 2011-2012, but that was when we had a strong position for one way CSA with no CVA, DVA, FVA, KVA, XVA or LKJLKJLKJVA charges. I'm open to ideas that have merit.
For the two way CSAs that Mike is thinking about, he was considering initial margin (an independent amount) as well?
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 3:05 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

Completely unrelated but – Mike is being told by the banks that they are using, almost exclusively, cash as collateral. Too many charges apply if they use securities. Depending on what Patrick finds out – we may want to set up a call with one of the banks to discuss. Mike is pushing that off till later in July because of being too busy to address it now, but we should keep our eyes on this. sounds like he would be amenable to using cash collateral in place of securities sometime in the future. Maybe the risk of lack of priority falls away with the north American c-parties because there would be many warning signs if they were going "south".

From: Sarah Harris
Sent: Tuesday, June 06, 2017 2:55 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: follow up from meeting

To see the status of Metrolinx?

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 2:53 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

As luck would have it Siva and Ken paid me a visit today….thanks.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 12:44 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: follow up from meeting

Hi Opal,

Re: Metrolinx, Elizabeth gave the hours worked to Siva about 6 weeks ago when she heard that this file was actually moving forward. Siva has been busy working on other things but now has a summer student working on this spreadsheet and we should have the invoice number ($$$) sometime tomorrow.
I'm having Will look into the notice period for IESO.
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:46 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting
Sorry, I'm referring in #1 to the new amending agreement and new credit facility.

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting
Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.
Thanks,
Opal

From:	Sarah Harris
To:	William Tan
Subject:	RE: follow up from meeting
Date:	Tuesday, June 06, 2017 2:27:48 PM

Thank you, Will.
Sarah

From: William Tan
Sent: Tuesday, June 06, 2017 12:56 PM
To: Sarah Harris
Subject: FW: follow up from meeting

Hello Sarah,
Amending Agreement No. 9 is the latest amending agreement revising all of the following relevant sections and more. Specifically for your question these are the relevant sections:
Section 3.3 Elections Regarding Advances
Schedule 1- Borrowing Notice
Repayment, no earlier than 28 days and no later than 95 days.
Schedule 2 – Form of Election Notice ("elect to continue all or a portion of an Advance for an additional term").
Repayment, no earlier than 28 days and no later than 95 days.
New FHP IESO Credit Facility Agreement
Repayment, no earlier than 7 days and no later than 95 days.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 11:51 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: follow up from meeting

Hi Will,
Could you please provide to me the answer for item#1 below?
Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in r the new IESO FHP agreement, as well as under the amending agreement? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.
Thanks,
Opal

From:	Opal Kandelas
To:	Sarah Harris
Subject:	RE: follow up from meeting
Date:	Tuesday, June 06, 2017 2:23:13 PM

Thanks.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 12:44 PM
To: Opal Kandelas
Subject: RE: follow up from meeting

Hi Opal,

Re: Metrolinx, Elizabeth gave the hours worked to Siva about 6 weeks ago when she heard that this file was actually moving forward. Siva has been busy working on other things but now has a summer student working on this spreadsheet and we should have the invoice number ($$$) sometime tomorrow.

I'm having Will look into the notice period for IESO.

Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:46 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

Sorry, I'm referring in #1 to the new amending agreement and new credit facility.

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

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1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.

Thanks,

Opal

From:	Sarah Harris
To:	Elizabeth Wallace
Subject:	RE: follow up from meeting
Date:	Tuesday, June 06, 2017 1:43:21 PM

Thanks, Elizabeth. Appreciated.
Sarah

From: Elizabeth Wallace
Sent: Tuesday, June 06, 2017 1:40 PM
To: Sarah Harris
Subject: RE: follow up from meeting

By all means, talk to Siva directly. I have attached the spreadsheet I sent him for your reference.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 1:24 PM
To: Elizabeth Wallace <Elizabeth.Wallace@ofina.on.ca>
Subject: RE: follow up from meeting

Hi Elizabeth,
Instead of making you look through previous e-mails, would you have any objection if I contacted Siva directly (cc'ing you) to ask for a copy of the spreadsheet he has been working on? I would let him know that know that I may not have e-mailed you the most up to date information, and that I could like to provide with the information if it needs to be updated.
I think this was an oversight on my part; I am sorry if I may have caused any confusion.
Sarah

From: Sarah Harris
Sent: Tuesday, June 06, 2017 12:53 PM
To: Elizabeth Wallace <Elizabeth.Wallace@ofina.on.ca>
Subject: RE: follow up from meeting

Hi Elizabeth,
Just because I have nagging feeling about providing you with my information on the spreadsheet and I cannot find the e-mail, I wanted to ensure I provided you with the updated spreadsheet information last time you asked me for it? I had Dean update it, but want to ensure I set you the response.
Sarah

From: Elizabeth Wallace
Sent: Tuesday, June 06, 2017 12:04 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

Hi Sarah,
I gave the hours worked to Siva about 6 weeks ago when I heard that this file was actually moving forward. He has been busy working on other things but now has a summer student working on this spreadsheet and we should have the invoice number ($$$) sometime tomorrow.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 11:55 AM
To: Elizabeth Wallace <Elizabeth.Wallace@ofina.on.ca>
Subject: FW: follow up from meeting

Hi Elizabeth,
Mike was asking Opal the second question below on Metrolinx cost recovery. I know that you've helped circulate the Metrolinx cost recovery spreadsheet before (on Siva's behalf to CMD folks?)– would you know where this stands?
Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting
Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.
Thanks,
Opal

From:	Elizabeth Wallace
To:	Sarah Harris
Subject:	RE: follow up from meeting
Date:	Tuesday, June 06, 2017 1:40:21 PM
Attachments:	CActivity Based Costing for Metrolinx Service by OFA Set Up -October 201....xlsx

---

By all means, talk to Siva directly. I have attached the spreadsheet I sent him for your reference.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 1:24 PM
To: Elizabeth Wallace
Subject: RE: follow up from meeting

Hi Elizabeth,
Instead of making you look through previous e-mails, would you have any objection if I contacted Siva directly (cc'ing you) to ask for a copy of the spreadsheet he has been working on? I would let him know that know that I may not have e-mailed you the most up to date information, and that I could like to provide with the information if it needs to be updated.
I think this was an oversight on my part; I am sorry if I may have caused any confusion.
Sarah

From: Sarah Harris
Sent: Tuesday, June 06, 2017 12:53 PM
To: Elizabeth Wallace <Elizabeth.Wallace@ofina.on.ca>
Subject: RE: follow up from meeting

Hi Elizabeth,
Just because I have nagging feeling about providing you with my information on the spreadsheet and I cannot find the e-mail, I wanted to ensure I provided you with the updated spreadsheet information last time you asked me for it? I had Dean update it, but want to ensure I set you the response.
Sarah

From: Elizabeth Wallace
Sent: Tuesday, June 06, 2017 12:04 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

Hi Sarah,
I gave the hours worked to Siva about 6 weeks ago when I heard that this file was actually moving forward. He has been busy working on other things but now has a summer student working on this spreadsheet and we should have the invoice number ($$$) sometime tomorrow.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 11:55 AM
To: Elizabeth Wallace <Elizabeth.Wallace@ofina.on.ca>
Subject: FW: follow up from meeting

Hi Elizabeth,
Mike was asking Opal the second question below on Metrolinx cost recovery. I know that you've helped circulate the Metrolinx cost recovery spreadsheet before (on Siva's behalf to CMD folks?)– would you know where this stands?
Thanks,

Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.
Thanks,
Opal

ONTARIO FINANCING AUTHORITY
ACTIVITY BASED COSTING FOR METROLINX SERVICES PROVIDED BY OFA - Set Up
SET UP PERIOD 2011-2014

Consolidated Summary

		Summary						
Division	**Section**	Salary % of allocated time	Benefits % of allocated time	Bonus % of allocated time	Allocated IT (Developers) Salary & Benefits	Allocated IT (Operations) Salary & Benefits	Allocated Overhead Costs	**Total allocated Costs to output**
Finance and Treasury	Settlement	-	-	-				
Finance and Treasury	Accounting and Financial Reporting- Agencies (OILC)							
Finance and Treasury	Accounting and Financial Reporting- Province	-	-	-				
Finance and Treasury	Cash Management	#REF!	#REF!	#REF!				
Risk Control Division	Director, Risk Control Division & Credit Rating	-	-	-				
Capital Market Division	Trading & Documentation	-	-	-				
Capital Market Division	Investment	#REF!	#REF!	#REF!				
Legal Division	Legal Division	#REF!	#REF!	#REF!				
MOF Legal charge back	MOF Legal Expenses chargeback							
MOF Internal Audit	MOF Internal Audit fee allocated							
	Total	#REF!	#REF!	#REF!	-	-	-	**-**

ONTARIO FINANCING AUTHORITY
ACTIVITY BASED COSTING FOR METROLINX SERVICES PROVIDED BY OFA
SET UP PERIOD 2011-2017

DIVISION: **Capital Market Division**
SECTION: **Trading & Documentation**

Activity Type:

							To be completed by Accounting & Reporting						
	Description of activity / task	**Activity/Task Performed by:**	**Job Title**	**Allocated % of Time (per year)**	**Yearly Base Salary $**	**Bonus $**	**Salary % of allocated time**	**Benefits % of allocated time**	**Bonus % of allocated time**	**Allocated IT (Developers) Salary & Benefits**	**Allocated IT (Operations) Salary & Benefits**	**Allocated Overhead Costs**	**Allocated Costs to outputs**
Activity Description:	About half-day elapsed for initial reading of term sheets and ad hoc discussion/emails with other groups	Craig Walsh	Manager Financial Engineering	0.2%									
	Half-day collecting Reuters and Bloomberg links and pages.	Craig Walsh	Manager Financial Engineering	0.2%									
	Half-day on data feeds, spreadsheet, list of questions and issues	Craig Walsh	Manager Financial Engineering	0.2%									
	Half-day on pricer spreadsheet and meeting	Craig Walsh	Manager Financial Engineering	0.2%			-	-	-				
	Half-day elapsed modifying pricer spreadsheet, discussions, etc.	Craig Walsh	Manager Financial Engineering	0.2%									
	Modifying pricer spreadsheet, discussions with ivy	Craig Walsh	Manager Financial Engineering	0.1%									
	About half-dozen miscellaneous meetings	Craig Walsh	Manager Financial Engineering	0.4%									
	Contingent Liability First Version	Craig Walsh	Manager Financial Engineering	1.0%			-	-	-				
	- Discussions with Sarah H & Elizabeth W	Craig Walsh	Manager Financial Engineering				-	-	-				
	- Collecting Bloomberg Historical Data	Craig Walsh	Manager Financial Engineering					-	-				
	- Reviewing maximum potential exposure theory	Craig Walsh	Manager Financial Engineering										
	- Constructing spreadsheet: one afternoon, plus few followup hours	Craig Walsh	Manager Financial Engineering										
	Meeting with all OFA divisions	Craig Walsh	Manager Financial Engineering	0.1%									
	Meeting with Risk Control	Craig Walsh	Manager Financial Engineering	0.1%									
	General review of projects, spreadsheets, NYMEX calendar, ULSD, ITS, etc	Craig Walsh	Manager Financial Engineering	0.4%									
	Contingent Liability Second Version	Craig Walsh	Manager Financial Engineering	0.4%									
	Writing pricer document - ongoing	Craig Walsh	Manager Financial Engineering	0.4%									
	Meeting with all OFA divisions	Craig Walsh	Manager Financial Engineering	0.1%									
	Writing pricing code library - few mornings & afternoons - ongoing	Craig Walsh	Manager Financial Engineering	0.8%									
	To Complete: code library	Craig Walsh	Manager Financial Engineering	1.0%									
	To Complete: interface pricing code with ticketing system	Craig Walsh	Manager Financial Engineering	1.0%									
	Miscellaneous discussions, meetings, etc.	Craig Walsh	Manager Financial Engineering	2.0%									
	Service Level Agreement	Sarah Harris	Manager, Operations	1.6%									
	Bylaw 11	Sarah Harris	Manager, Operations	2.8%									
	Bylaw 15	Sarah Harris	Manager, Operations	2.8%									
	Sec 28	Sarah Harris	Manager, Operations	2.8%									
	ISDA negotiations with Metrolinx, Stikeman's the various bank counterparties	Sarah Harris	Manager, Operations	2.8%									
	Service Level Agreement	Elizabeth Wallace	Manager, FX, MTN & Priv Placements	1.5%									
	Bylaw 11	Elizabeth Wallace	Manager, FX, MTN & Priv Placements	0.5%									
	Bylaw 15	Elizabeth Wallace	Manager, FX, MTN & Priv Placements	0.5%									
	Sec 28	Elizabeth Wallace	Manager, FX, MTN & Priv Placements	0.5%									
	Meeting coordination and preparation	Elizabeth Wallace	Manager, FX, MTN & Priv Placements	1.0%									
							-	-	-	-	-		

Cost Drivers

Summary
Salaries and benefits-Capital Market Division
Salaries and benefits-IT Developers -allocated
Salaries and benefits-IT Operations -allocated
Overhead allocated

-

Comments:

Prepared by: _____

Approved by: _____

Date: _____

DIVISION:
SECTION:

Activity Type:

Activity Description:

Cost Drivers

Comments:

Prepared by:

Approved by:

Date:

ONTARIO FINANCING AUTH
ACTIVITY BASED COSTING FOR METR
S

Corporate Finance
Finance & Treasury

Description of activity / task
Guidance and Advice Provided to meet the requirements of a Section 28 approval
Guidance and Advice Provided regarding By-Law amendments and meeting the requirements of a Section 28 approval
Total

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ET UP PERIOD 2011-2017

Activity/Task Performed by:	Job Title	Allocated % of Time (per year)	Yearly Base Salary $	Bonus $
Bonnie Zhang	Financial Reporting Leader, Finance & Treasury	4.0%		
Christina Zhang	Financial Reporting Leader, Finance & Treasury	5.0%		
Greg Moore	Sr. financial Policy Advisor	1.00%		

To be completed by Accounting & Re

Salary % of allocated time	Benefits % of allocated time	Bonus % of allocated time	Allocated IT (Developers) Salary & Benefits
-			
-			
-			
-			
-	-	-	

Summary

Salaries and benefits-Capital Market Division
Salaries and benefits-IT Developers -allocated
Salaries and benefits-IT Operations -allocated
Overhead allocated

eporting

Allocated IT (Operations) Salary & Benefits	Allocated Overhead Costs	Allocated Costs to outputs

-
-
-
-
-

ONTARIO FINANCING AUTHORITY
ACTIVITY BASED COSTING FOR METROLINX SERVICES PROVIDED BY OFA
SET UP PERIOD 2011-2017

DIVISION: Risk Control
SECTION: Credit Rating and Risk Control

Activity Type:

							To be completed by Accounting & Reporting						
	Description of activity / task	Activity/Task Performed by:	Job Title	Allocated % of Time (per year)	Yearly Base Salary $	Bonus $	Salary % of allocated time	Benefits % of allocated time	Bonus % of allocated time	Allocated IT (Developers) Salary & Benefits	Allocated IT (Operations) Salary & Benefits	Allocated Overhead Costs	Allocated Costs to outputs
Activity Description:	Design and Initial Build of Commodity Trade Ticketing process	Doug Harrington	Director, Risk Control	3.8%			-						
	Meetings	Doug Harrington	Director, Risk Control	0.5%			-						
	Completion of Pricing model, ticketing, and MTM components	Phil Kennedy	Sr. Financial Engineer	1.10%			-						
	Completion of Pricing model, ticketing, and MTM components	Ivy Wang	Sr. Financial Engineer	1.10%			-						
	Total						-	-	-				

Cost Drivers

Summary

Salaries and benefits-Risk Control Division	-
Salaries and benefits-IT Developers -allocated	-
Salaries and benefits-IT Operations -allocated	-
Overhead allocated	-
	-

Comments:

Prepared by:

Approved by:

Date:

ONTARIO FINANCING AUTHORITY
ACTIVITY BASED COSTING FOR METROLINX SERVICES PROVIDED BY OFA
SET UP PERIOD 2011-2017

DIVISION: Finance and Treasury
SECTION: Settlement

Activity Type:

							Completed by Accounting & Reporting						
Activity Description:	**Description of activity / task**	**Activity/Task Performed by:**	**Job Title**	**Allocated % of Time (per year)**	**Yearly Base Salary $**	**Bonus $**	**Salary % of allocated time**	**Benefits % of allocated time**	**Bonus % of allocated time**	**Allocated IT (Developers) Salary & Benefits**	**Allocated IT (Operations) Salary & Benefits**	**Allocated Overhead Costs**	**Allocated Costs to outputs**
	Meetings to set up trading in commodity swaps for Metrolinx (April 2013-Nov 2014)	Risa Thau	Manager	0.006%			-	-	-				
	Communication by email and telephone	Risa Thau	Manager	0.006%									
							-	-	-				
	Total						-	-	-	-	-		

Cost Drivers

-
-
-
-
-

Summary

Salaries and benefits-Settlement Section	-
Salaries and benefits-IT Developers -allocated	-
Salaries and benefits-IT Operations -allocated	-
Overhead allocated	-
	-

Comments:

Prepared by: _____

Approved by: _____

Date: _____

ONTARIO FINANCING AUTHORITY
ACTIVITY BASED COSTING FOR METROLINX SERVICES PROVIDED BY OFA -Set Up
SET UP PERIOD 2011-2017

DIVISION: Finance and Treasury Division
SECTION: Accounting and Financial Reporting- Province

Activity Type:

								Completed by Accounting & Reporting						
Activity Description:		**Activity/Task Performed by:**	**Job Title**	**Allocated % of Time (per year)**	**Review**	**Yearly Base Salary $**	**Bonus $**	**Salary % of allocated time**	**Benefits % of allocated time**	**Bonus % of allocated time**	**Allocated IT (Developers) Salary & Benefits**	**Allocated IT (Operations) Salary & Benefits**	**Allocated Overhead Costs**	**Allocated Costs to outputs**
	Schedule A: Province of Ontario Accounting Section							-	-	-				
	1. Understand how Metrolinx is currently consolidated into the Province's financial statements	Josephine Lam	Manager, Acc Policy and Financial Reporting	0.11%				0	0	-				
	2. Review Metrolinx's existing financial reports	Josephine Lam	Manager, Acc Policy and Financial Reporting	0.16%				0	0	-				
	3. Understand the commodity swaps	Josephine Lam	Manager, Acc Policy and Financial Reporting	0.37%										
	4. Set up accounting system and procedure to record the transactions	Josephine Lam	Manager, Acc Policy and Financial Reporting	0.37%				0	0	-				
	5. Assess how the commodity swap should be reported at the Province's level	Josephine Lam	Manager, Acc Policy and Financial Reporting	0.27%				0	0	-				
	6. Liaise with OPCD and Metrolinx on reporting of the commodity swap	Josephine Lam	Manager, Acc Policy and Financial Reporting	0.37%				0	0	-				
	7. Develop any reports required from Metrolinx	Josephine Lam	Manager, Acc Policy and Financial Reporting	0.37%				0	0	-				
								0	0	-				
								0	0	-				
								0	0	-	-	-		

ONTARIO FINANCING AUTHORITY

ACTIVITY BASED COSTING FOR METROLINX SERVICES PROVIDED BY OFA

SET UP PERIOD 2011-2017

DIVISION: MOF Legal Division

SECTION: Legal Expenses charge back to OFA

Activity Type:

							To be completed by Accounting & Reporting					
Activity Description:		**Activity/Task Performed by:**	Job Title	Allocated % of Time (per year)	2011/12 charge back $	N.A	N.A	N.A	N.A	N.A	Allocated Overhead Costs	Allocated Costs to outputs
	Advisory and review of Metrolinx Bylaw 11, Bylaw 15 and Section 28 submissions	Malle Hanslep & Dimitri Markoulakis		3.5%							0	
	Advisory and review of Metrolinx ISDA documents and SLA	Malle Hanslep & Dimitri Markoulakis		2.7%								
	Total						-	-	-	-	-	

Cost Drivers

Legal Counsel	3.5%

Summary

Salaries and benefits- MOF Legal Division	-
Salaries and benefits-IT Developers -allocated	
Salaries and benefits-IT Operations -allocated	-
Overhead allocated	-
	-

Comments:

Prepared by:

Approved by:

Date:

DIVISION:
SECTION:

Activity Type:

Activity Description:

Cost Drivers

Comments:

Prepared by:

Approved by:

Date:

ONTARIO FINANCING AUTHORITY

ACTIVITY BASED COSTING FOR METROLINX SERVI

SET UP PERIC

MOF Legal Division

Legal Expenses charge back to OFA

	Activity/Task Performed by:
Draft of Service Level Agreement between the OFA and Metrolinx	Ken Russell
Total	

ICES PROVIDED BY OFA
OD 2011-2017

Job Title	Allocated % of Time (per year)	2011/12 charge back $	N.A	N.A	N.A
	3.85%				
				-	-

Legal Counsel	3.85%

Summary
Salaries and benefits
Salaries and benefits
Salaries and benefits
Overhead allocated

To be completed by Accounting & Reporting

N.A	N.A	Allocated Overhead Costs	Allocated Costs to outputs
		0	
	-	-	

- MOF Legal Division -

-IT Developers -allocated

-IT Operations -allocated -

-

-

From: Sarah Harris
To: Elizabeth Wallace
Subject: RE: follow up from meeting
Date: Tuesday, June 06, 2017 1:23:49 PM

Hi Elizabeth,
Instead of making you look through previous e-mails, would you have any objection if I contacted Siva directly (cc'ing you) to ask for a copy of the spreadsheet he has been working on? I would let him know that know that I may not have e-mailed you the most up to date information, and that I could like to provide with the information if it needs to be updated.
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Thanks,
Sarah

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Subject: follow up from meeting
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Mike had 2 questions.
1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
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Thanks,
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Date: Tuesday, June 06, 2017 12:53:01 PM

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Thanks,
Opal

From: Sarah Harris
To: Opal Kandelas
Subject: RE: follow up from meeting
Date: Tuesday, June 06, 2017 12:43:41 PM

Hi Opal,
Re: Metrolinx, Elizabeth gave the hours worked to Siva about 6 weeks ago when she heard that this file was actually moving forward. Siva has been busy working on other things but now has a summer student working on this spreadsheet and we should have the invoice number ($$$) sometime tomorrow.
I'm having Will look into the notice period for IESO.
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:46 AM
To: Sarah Harris
Subject: RE: follow up from meeting
Sorry, I'm referring in #1 to the new amending agreement and new credit facility.

From: Opal Kandelas
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To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting
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Thanks,
Opal

From:	Sarah Harris
To:	Elizabeth Wallace
Subject:	RE: follow up from meeting
Date:	Tuesday, June 06, 2017 12:41:49 PM

Merci!
Sarah

From: Elizabeth Wallace
Sent: Tuesday, June 06, 2017 12:04 PM
To: Sarah Harris
Subject: RE: follow up from meeting

Hi Sarah,
I gave the hours worked to Siva about 6 weeks ago when I heard that this file was actually moving forward. He has been busy working on other things but now has a summer student working on this spreadsheet and we should have the invoice number ($$$) sometime tomorrow.

From: Sarah Harris
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Date: Tuesday, June 06, 2017 12:04:24 PM

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Thanks,
Opal

From: William Tan
To: Sarah Harris
Subject: RE: follow up from meeting
Date: Tuesday, June 06, 2017 11:52:51 AM

Hi Sarah,
I do recalling seeing an amendment in regards to that. I will look it up now.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 11:51 AM
To: William Tan
Subject: FW: follow up from meeting

Hi Will,
Could you please provide to me the answer for item#1 below?
Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in r the new IESO FHP agreement, as well as under the amending agreement? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.
Thanks,
Opal

From: Sarah Harris
To: Opal Kandelas
Subject: RE: follow up from meeting
Date: Tuesday, June 06, 2017 3:12:07 PM

Thanks for letting me know.
Also, with a potential move to two way CSAs, Sab brought up the idea that we may want to reconsider clearing due to costs. Given his credit background and recent bank experience, I asked him provide any initial information he might think is helpful in a discussion. I told him we considered clearing back in 2011-2012, but that was when we had a strong position for one way CSA with no CVA, DVA, FVA, KVA, XVA or LKJLKJLKJVA charges. I'm open to ideas that have merit.
For the two way CSAs that Mike is thinking about, he was considering initial margin (an independent amount) as well?
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 3:05 PM
To: Sarah Harris
Subject: RE: follow up from meeting
Completely unrelated but – Mike is being told by the banks that they are using, almost exclusively, cash as collateral. Too many charges apply if they use securities. Depending on what Patrick finds out – we may want to set up a call with one of the banks to discuss. Mike is pushing that off till later in July because of being too busy to address it now, but we should keep our eyes on this. sounds like he would be amenable to using cash collateral in place of securities sometime in the future. Maybe the risk of lack of priority falls away with the north American c-parties because there would be many warning signs if they were going "south".

From: Sarah Harris
Sent: Tuesday, June 06, 2017 2:55 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: follow up from meeting
To see the status of Metrolinx?

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 2:53 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting
As luck would have it Siva and Ken paid me a visit today….thanks.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 12:44 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: follow up from meeting
Hi Opal,
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Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in r the new IESO FHP agreement, as well as under the amending agreement? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.
Thanks,
Opal

From:	Opal Kandelas
To:	Sarah Harris
Subject:	RE: follow up from meeting
Date:	Tuesday, June 06, 2017 11:46:16 AM

Sorry, I'm referring in #1 to the new amending agreement and new credit facility.

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris
Subject: follow up from meeting

Hi Sarah,

Mike had 2 questions.

1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.

Thanks,

Opal

From: Opal Kandelas
To: Sarah Harris
Subject: RE: follow up from meeting
Date: Tuesday, June 06, 2017 3:04:43 PM

Completely unrelated but – Mike is being told by the banks that they are using, almost exclusively, cash as collateral. Too many charges apply if they use securities. Depending on what Patrick finds out – we may want to set up a call with one of the banks to discuss. Mike is pushing that off till later in July because of being too busy to address it now, but we should keep our eyes on this. sounds like he would be amenable to using cash collateral in place of securities sometime in the future. Maybe the risk of lack of priority falls away with the north American c-parties because there would be many warning signs if they were going "south".

From: Sarah Harris
Sent: Tuesday, June 06, 2017 2:55 PM
To: Opal Kandelas
Subject: RE: follow up from meeting
To see the status of Metrolinx?

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 2:53 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting
As luck would have it Siva and Ken paid me a visit today….thanks.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 12:44 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: follow up from meeting
Hi Opal,
Re: Metrolinx, Elizabeth gave the hours worked to Siva about 6 weeks ago when she heard that this file was actually moving forward. Siva has been busy working on other things but now has a summer student working on this spreadsheet and we should have the invoice number ($$$) sometime tomorrow.
I'm having Will look into the notice period for IESO.
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:46 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting
Sorry, I'm referring in #1 to the new amending agreement and new credit facility.

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting
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1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are

also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.
Thanks,
Opal

From:	Opal Kandelas
To:	Sarah Harris
Subject:	RE: follow up from meeting
Date:	Tuesday, June 06, 2017 2:58:36 PM

Both actually came to ask about the OIC for IESO and whether they could have a copy, ask about timing or enter some info about it in the financial statements for the auditor. I said no. while they were here I asked about the services provided by OFA for Metrolinx.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 2:55 PM
To: Opal Kandelas
Subject: RE: follow up from meeting

To see the status of Metrolinx?

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 2:53 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

As luck would have it Siva and Ken paid me a visit today….thanks.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 12:44 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: follow up from meeting

Hi Opal,

Re: Metrolinx, Elizabeth gave the hours worked to Siva about 6 weeks ago when she heard that this file was actually moving forward. Siva has been busy working on other things but now has a summer student working on this spreadsheet and we should have the invoice number ($$$) sometime tomorrow.

I'm having Will look into the notice period for IESO.

Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:46 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

Sorry, I'm referring in #1 to the new amending agreement and new credit facility.

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,

Mike had 2 questions.

1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.

Thanks,
Opal

From:	Sarah Harris
To:	Opal Kandelas
Subject:	RE: follow up from meeting
Date:	Tuesday, June 06, 2017 2:55:28 PM

To see the status of Metrolinx?

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 2:53 PM
To: Sarah Harris
Subject: RE: follow up from meeting

As luck would have it Siva and Ken paid me a visit today….thanks.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 12:44 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: follow up from meeting

Hi Opal,

Re: Metrolinx, Elizabeth gave the hours worked to Siva about 6 weeks ago when she heard that this file was actually moving forward. Siva has been busy working on other things but now has a summer student working on this spreadsheet and we should have the invoice number ($$$) sometime tomorrow.

I'm having Will look into the notice period for IESO.

Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:46 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

Sorry, I'm referring in #1 to the new amending agreement and new credit facility.

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,

Mike had 2 questions.

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2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.

Thanks,

Opal

From:	Opal Kandelas
To:	Sarah Harris
Subject:	RE: follow up from meeting
Date:	Tuesday, June 06, 2017 2:53:13 PM

As luck would have it Siva and Ken paid me a visit today….thanks.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 12:44 PM
To: Opal Kandelas
Subject: RE: follow up from meeting

Hi Opal,

Re: Metrolinx, Elizabeth gave the hours worked to Siva about 6 weeks ago when she heard that this file was actually moving forward. Siva has been busy working on other things but now has a summer student working on this spreadsheet and we should have the invoice number ($$$) sometime tomorrow.

I'm having Will look into the notice period for IESO.

Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:46 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

Sorry, I'm referring in #1 to the new amending agreement and new credit facility.

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

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1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
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Thanks,

Opal

From: Opal Kandelas
To: Sarah Harris
Subject: RE: follow up from meeting
Date: Tuesday, June 06, 2017 2:52:34 PM

Thanks so much Sarah.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 2:27 PM
To: Opal Kandelas
Subject: FW: follow up from meeting

Hi Opal,

The **current** $975 OFA-IESO credit facility provides for advances to be repaid no earlier than 28 days and no later than 95 days. Amendment number 9 (attached) contains the form of borrowing notice as Schedule 1 (which is page 5 of the .pdf); please let me know if you would like Will to print out the borrowing notice for you.

Per IESO's attached requests, they are requesting minimum borrowing period on the existing credit facility to be **reduced from 28 days to 7 days**.

That means that for the new $2 billion credit facility, as well as the existing facility (which will also be reduced from $975 million to $475 million), **the time period for advances to be repaid will be no earlier than 7 days and no later than 95 days.**

Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in r the new IESO FHP agreement, as well as under the amending agreement? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
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Thanks,
Opal

From: Opal Kandelas
To: Sarah Harris
Subject: RE: follow up from meeting
Date: Tuesday, June 06, 2017 2:52:34 PM

Thanks so much Sarah.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 2:27 PM
To: Opal Kandelas
Subject: FW: follow up from meeting

Hi Opal,

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That means that for the new $2 billion credit facility, as well as the existing facility (which will also be reduced from $975 million to $475 million), **the time period for advances to be repaid will be no earlier than 7 days and no later than 95 days.**

Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in r the new IESO FHP agreement, as well as under the amending agreement? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
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Thanks,
Opal

From:	Sarah Harris
To:	William Tan
Subject:	RE: follow up from meeting
Date:	Tuesday, June 06, 2017 2:27:48 PM

Thank you, Will.
Sarah

From: William Tan
Sent: Tuesday, June 06, 2017 12:56 PM
To: Sarah Harris
Subject: FW: follow up from meeting

Hello Sarah,
Amending Agreement No. 9 is the latest amending agreement revising all of the following relevant sections and more. Specifically for your question these are the relevant sections:
Section 3.3 Elections Regarding Advances
Schedule 1- Borrowing Notice
Repayment, no earlier than 28 days and no later than 95 days.
Schedule 2 – Form of Election Notice ("elect to continue all or a portion of an Advance for an additional term").
Repayment, no earlier than 28 days and no later than 95 days.
New FHP IESO Credit Facility Agreement
Repayment, no earlier than 7 days and no later than 95 days.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 11:51 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: follow up from meeting

Hi Will,
Could you please provide to me the answer for item#1 below?
Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in r the new IESO FHP agreement, as well as under the amending agreement? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
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Thanks,
Opal

From:	Sarah Harris
To:	Opal Kandelas
Subject:	RE: follow up from meeting
Date:	Tuesday, June 06, 2017 3:22:24 PM

Thanks, Opal. That's quite interesting.

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 3:19 PM
To: Sarah Harris
Subject: RE: follow up from meeting

Yes. he mentioned 0/0 thresholds and initial margin potential to be specific.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 3:12 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: follow up from meeting

Thanks for letting me know.
Also, with a potential move to two way CSAs, Sab brought up the idea that we may want to reconsider clearing due to costs. Given his credit background and recent bank experience, I asked him provide any initial information he might think is helpful in a discussion. I told him we considered clearing back in 2011-2012, but that was when we had a strong position for one way CSA with no CVA, DVA, FVA, KVA, XVA or LKJLKJLKJVA charges. I'm open to ideas that have merit.
For the two way CSAs that Mike is thinking about, he was considering initial margin (an independent amount) as well?
Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 3:05 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

Completely unrelated but – Mike is being told by the banks that they are using, almost exclusively, cash as collateral. Too many charges apply if they use securities. Depending on what Patrick finds out – we may want to set up a call with one of the banks to discuss. Mike is pushing that off till later in July because of being too busy to address it now, but we should keep our eyes on this. sounds like he would be amenable to using cash collateral in place of securities sometime in the future. Maybe the risk of lack of priority falls away with the north American c-parties because there would be many warning signs if they were going "south".

From: Sarah Harris
Sent: Tuesday, June 06, 2017 2:55 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: follow up from meeting

To see the status of Metrolinx?

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 2:53 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

As luck would have it Siva and Ken paid me a visit today….thanks.

From: Sarah Harris
Sent: Tuesday, June 06, 2017 12:44 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: follow up from meeting

Hi Opal,

Re: Metrolinx, Elizabeth gave the hours worked to Siva about 6 weeks ago when she heard that this file was actually moving forward. Siva has been busy working on other things but now has a summer student working on this spreadsheet and we should have the invoice number ($$$) sometime tomorrow.

I'm having Will look into the notice period for IESO.

Sarah

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:46 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: follow up from meeting

Sorry, I'm referring in #1 to the new amending agreement and new credit facility.

From: Opal Kandelas
Sent: Tuesday, June 06, 2017 11:45 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: follow up from meeting

Hi Sarah,

Mike had 2 questions.

1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.

Thanks,

Opal

From:	Salman Qadir
To:	Patrick Rundans (MOF)
Cc:	Sarah Harris; Bruno Amara
Subject:	RE: new IESO credit facility
Date:	Tuesday, May 23, 2017 2:49:21 PM

Hi Patrick,

For finalizing the OIC, the dollar value should be $3.5 billion and the expiry/maturity date of the OIC should be June 30, 2053.

Please do let me know if you require anything else to finalize the OIC.

Salman

From: Sarah Harris
Sent: Tuesday, May 23, 2017 9:50 AM
To: Salman Qadir ; Patrick Rundans (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Hi Salman,

Thanks for the clarification. Assuming that the June 27th is an additional meeting day after the June 20th date', I think we would have at least a couple more days to get sign-offs on the LRC package.

Let's have a chat with Patrick about the feasibility of including the OIC *into* Energy's package.

Other than 10:30 am. to 11:30 a.m. I am free to chat. Please let me know what would work for you.

Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 9:24 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

Hi Sarah,

Can definitely chat today. Just a few comments on your points:

- I actually do not have a EVISTA number, that was just the template example (red text). We have reached out to DMO etc on this as well. We also had a quick chat with CO and Energy and there was the appetite to add this to Energy's submission. We were only told of two dates, later being June 27 and an earlier date of June 14, 2017. I think this is the question we have posed – do we need our own EVISTA number and tracking or can this is part of Energy's package. Acknowledging the timelines, we believed having a package ready and signed off by Minister of Finance to be inserted into Energy's package would work – I'm just unsure whether that is plausible and the whether the rules require us to have our own EVISTA number.
- I have not been given concrete dates except that FHP is aiming for a July 1 implementation, hence the requirement for the OIC. This is something I also wanted to speak with you about as we should start working on drafting the credit agreement itself, alongside the directive as you mentioned. Working on getting an update on this today.

Salman

From: Sarah Harris
Sent: Tuesday, May 23, 2017 8:29 AM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

Hi Salman,

I just have a couple of comments, one is for Patrick's consideration.

A few points on process:

- I see you have an EVISTA number already for this file. I just want to confirm with you that this is applicable to this specific OIC i.e. you have made a request through EVISTA through the DMO to include this item specifically (not applying Energy's EVISTA number its items) for the relevant LRC date. I am also a little confused (perhaps Patrick can provide some insight) as to June 27th Cabinet date. My understanding is that if this OIC is going for approval in June, it would be going to LRC on June 20th (per attached calendar). If the June 20th LRC date is used then, according the attached LRC schedule, the item must be entered into EVISTA this morning and the final signed off package would need to be at the DMO on by EOD today. The timing to get sign-offs this package through for the June 20th LRC would be very difficult.
- The package needs to be accompanied by a LRC Blue Approval Form. I've attached a sample for our last OIC which you would need to fill out with the specifics of this OIC. It needs to be printed on special blue paper, which I have available.
- I think we should have a quick chat this morning to determine this should and can actually track with Energy. I am not clear as to the exact urgency of when the OFA will need to begin borrowing and making loans in relation to the OIC. If this this can wait until the next LRC date, I frankly think it is much more realistic and preferable. What is the desired timeframe put into place the new IESO OFA FHP Credit Facility? In addition to the new OIC, I think a directive would be required as well? Patrick and Salman, would you be available at 9:30 a.m. to discuss?

Thanks,

Sarah

From: Salman Qadir
Sent: Thursday, May 18, 2017 2:30 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

Hi Sarah and Patrick,

As an update and also for your review/feedback (if any), attached is a draft LRC note for the OIC. I'm hoping to get this to Ron by EOD tomorrow if possible – at least a draft.

Here are some updates with respect to timelines:

- Energy will be going to Cabinet twice, once on June 27 for approval of their regs (and possibly on June 14 as well)
- We're hoping that this can track together with that package from Energy.

Energy actually just asked whether this would go together in one package to Cabinet or if Finance will do this separately… I'm not sure I understand what that would require – maybe we can chat if you have any insight? We know this has to get Minister of Finance's sign off…

Thanks,

Salman
416-325-1422

From: Sarah Harris
Sent: Wednesday, May 10, 2017 3:32 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Subject: RE: new IESO credit facility

Hello Bruno and Salman,

As discussed, I will be sending a few files for the OIC package.

The package usually consists of

1) An LRC Approval form which is essentially the 'briefing' note for the OIC.
2) The unsigned OIC
3) A letter from Gadi to Scott Thompson
4) A letter from Scott Thompson to Charles Sousa.

I've attached the Template LRC Approval Form. It has instructions on how to fill it out. I've also attached for your reference the example of the last LRC form we filled out.

I touched based with Patrick at LSB who provided you with the form of the OIC, and I'm looping him in with us on these OIC communications. Patrick – would you have an example of the completed LRC form that was provided for School Boards in 2014 which may also be used as a reference for completing this Form?

I'll send you an example of the letters (3 and 4 above) that will accompany the package.

Thanks,

Sarah

From: Bruno Amara
Sent: Wednesday, May 10, 2017 2:09 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: new IESO credit facility

Hi Sarah

I don't believe we've exchange emails yet, but I'm a manager in the Electricity Finance Branch. Salman was updating me on discussions around the OIC for the IESO credit facility. For a start, I want to confirm that, we are proceeding on assumption that the credit facility would be with OFA. We do not have a lot of experience with the whole OIC process, so I was wondering if you could spare a few minutes, at your convenience, to meet with us. . I understand that your office handles OICs, so a quick chat may help guide us on how we can work together on this. I.e., documentation necessary and other process issues.

At the moment we're trying to get the upcoming LRC schedule so that we know what dates we might be working towards. Let us know when you have some time. We could come to your office, or if you prefer we could set up a teleconference.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Rundans, Patrick (MOF)
To: Salman Qadir; Sarah Harris
Cc: Bruno Amara
Subject: RE: new IESO credit facility
Date: Tuesday, May 23, 2017 10:11:15 AM

I'm available now. If that doesn't work, then I will be available at 12:15..

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 10:08 AM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Oops, did not read Sarah's email properly. Looks like next best time is 12pm? Is that okay for all?
I am free today, any time now.
Salman

From: Salman Qadir
Sent: Tuesday, May 23, 2017 10:07 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

I can chat at 10:30 – seems to work for all?
Sarah: I can come to your office if its easier and can call Patrick together?

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 23, 2017 9:55 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

I have a meeting from 11 to 12 but am otherwise available to discuss today.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]

Sent: May 23, 2017 9:50 AM
To: Salman Qadir; Rundans, Patrick (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Hi Salman,

Thanks for the clarification. Assuming that the June 27th is an additional meeting day after the June 20th date', I think we would have at least a couple more days to get sign-offs on the LRC package. Let's have a chat with Patrick about the feasibility of including the OIC *into* Energy's package. Other than 10:30 am. to 11:30 a.m. I am free to chat. Please let me know what would work for you.

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Sent: Tuesday, May 23, 2017 9:24 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

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From: Rundans, Patrick (MOF)
To: Salman Qadir; Sarah Harris
Cc: Bruno Amara
Subject: RE: new IESO credit facility
Date: Tuesday, May 23, 2017 10:11:15 AM

I'm available now. If that doesn't work, then I will be available at 12:15..

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Sent: May 23, 2017 10:08 AM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Bruno Amara
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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

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Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
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Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
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Tel: 416-325-1489
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Cc:	Bruno Amara
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I have a meeting from 11 to 12 but am otherwise available to discuss today.

Patrick Rundans
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Sarah

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Sent: Thursday, May 18, 2017 2:30 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

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416-325-1422

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Email: bruno.amara@ofina.on.ca

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From:	Rundans, Patrick (MOF)
To:	Sarah Harris; Salman Qadir
Cc:	Bruno Amara
Subject:	RE: new IESO credit facility
Date:	Tuesday, May 23, 2017 9:55:20 AM

I have a meeting from 11 to 12 but am otherwise available to discuss today.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: May 23, 2017 9:50 AM
To: Salman Qadir; Rundans, Patrick (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

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From:	Sarah Harris
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Cc:	Bruno Amara
Subject:	RE: new IESO credit facility
Date:	Tuesday, May 23, 2017 9:49:48 AM

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From:	Salman Qadir
To:	Sarah Harris; Patrick Rundans (MOF)
Cc:	Bruno Amara
Subject:	RE: new IESO credit facility
Date:	Tuesday, May 23, 2017 10:33:29 AM

Sounds good. I'll drop by.

From: Sarah Harris
Sent: Tuesday, May 23, 2017 10:25 AM
To: Salman Qadir ; Patrick Rundans (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Sounds good.

Salman – shall we meet in your office or my office and we call Patrick?

From: Salman Qadir
Sent: Tuesday, May 23, 2017 10:15 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

12:15pm works for me as well.

From: Sarah Harris
Sent: Tuesday, May 23, 2017 10:13 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

12:15 p.m. works for me.

Sarah

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 23, 2017 10:10 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Counsel
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T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 10:08 AM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Bruno Amara

Subject: RE: new IESO credit facility

Oops, did not read Sarah's email properly. Looks like next best time is 12pm? Is that okay for all?

I am free today, any time now.

Salman

From: Salman Qadir
Sent: Tuesday, May 23, 2017 10:07 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

I can chat at 10:30 – seems to work for all?

Sarah: I can come to your office if its easier and can call Patrick together?

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 23, 2017 9:55 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

I have a meeting from 11 to 12 but am otherwise available to discuss today.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: May 23, 2017 9:50 AM
To: Salman Qadir; Rundans, Patrick (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Hi Salman,

Thanks for the clarification. Assuming that the June 27th is an additional meeting day after the June 20th date', I think we would have at least a couple more days to get sign-offs on the LRC package.

Let's have a chat with Patrick about the feasibility of including the OIC *into* Energy's package.

Other than 10:30 am. to 11:30 a.m. I am free to chat. Please let me know what would work for you.

Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 9:24 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

Hi Sarah,

Can definitely chat today. Just a few comments on your points:

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416-325-1422

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Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: new IESO credit facility

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Bruno

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Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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From: Rundans, Patrick (MOF)
To: Sarah Harris; Salman Qadir
Cc: Bruno Amara
Subject: RE: new IESO credit facility
Date: Tuesday, May 23, 2017 9:42:59 AM

I'm available to discuss.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
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Subject: RE: new IESO credit facility
Date: Tuesday, May 23, 2017 9:24:04 AM

Hi Sarah,

Can definitely chat today. Just a few comments on your points:

- I actually do not have a EVISTA number, that was just the template example (red text). We have reached out to DMO etc on this as well. We also had a quick chat with CO and Energy and there was the appetite to add this to Energy's submission. We were only told of two dates, later being June 27 and an earlier date of June 14, 2017. I think this is the question we have posed – do we need our own EVISTA number and tracking or can this is part of Energy's package. Acknowledging the timelines, we believed having a package ready and signed off by Minister of Finance to be inserted into Energy's package would work – I'm just unsure whether that is plausible and the whether the rules require us to have our own EVISTA number.
- I have not been given concrete dates except that FHP is aiming for a July 1 implementation, hence the requirement for the OIC. This is something I also wanted to speak with you about as we should start working on drafting the credit agreement itself, alongside the directive as you mentioned. Working on getting an update on this today.

Salman

From: Sarah Harris
Sent: Tuesday, May 23, 2017 8:29 AM
To: Salman Qadir ; Patrick Rundans (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Hi Salman,

I just have a couple of comments, one is for Patrick's consideration.

A few points on process:

- I see you have an EVISTA number already for this file. I just want to confirm with you that this is applicable to this specific OIC i.e. you have made a request through EVISTA through the DMO to include this item specifically (not applying Energy's EVISTA number its items) for the relevant LRC date. I am also a little confused (perhaps Patrick can provide some insight) as to June 27th Cabinet date. My understanding is that if this OIC is going for approval in June, it would be going to LRC on June 20th (per attached calendar). If the June 20th LRC date is used then, according the attached LRC schedule, the item must be entered into EVISTA this morning and the final signed off package would need to be at the DMO on by EOD today. The timing to get sign-offs this package through for the June 20th LRC would be very difficult.
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Thanks,
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From: Salman Qadir
Sent: Thursday, May 18, 2017 2:30 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
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416-325-1422

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Sent: Wednesday, May 10, 2017 3:32 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
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At the moment we're trying to get the upcoming LRC schedule so that we know what dates we might be working towards. Let us know when you have some time. We could come to your office, or if you prefer we could set up a teleconference.

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Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
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Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

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1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority (OFA).

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

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- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed Fair Hydro Act.

Commented [SH1]: Should describe how this number was determined/ its source.

Patrick: Should the two existing OFA lending OICs for the OFA also be mentioned as background?

s. 2 Approach and Intended Outcomes

- The OFA provides financing to government entities as directed by the Minister of Finance. For the OFA to on-lend, the OFA borrows from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.
- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.
- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act.

s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the borrowing and on-lending capacity is instrumental in implementing the proposed Fair Hydro Plan.
- The Fair Hydro Plan and its related proposed Fair Hydro Act are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC

also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.

- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. The directive from the Minister will be required that provides details on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle ~~[name]~~ Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

TARGET DATES FOR JANUARY TO JUNE 2017 LRC MEETINGS

LRC/ LRC Cabinet Meeting (Monday)	1 Request Through EVista by: (Monday)	2 ADM-Approved Drafts to Cabinet Office Advisors (Tuesday)	3 Final Digital and Original Materials to ECO (Thursday)	4 Full Cabinet Meeting if Required (Wednesday)
January 31 (Tue)	January 03 (Tue AM)	January 3	January 19	February 15
February 14 (Tue)	January 16	January 17	February 2	February 22
March 06	February 6	February 7	February 23	March 22
March 27	February 27	February 28	March 16*****	April 5
April 10	March 13	March 14	March 30	April 26
May 01	April 3	April 4	April 20*****	May 10
May 15	April 18 (Tue AM)	April 18	May 4	May 31
May 29	May 1	May 2	May 18	May 31
June 20 (Tue)	May 23 (Tue AM)	May 23	June 8	June 22 (Thu)

NOTE: **These dates may affect ministry preparation of materials:**
ROMA is January 29 to 31.
Family Day is February 20.
The House resumes on February 21.
OGRA is February 26 to March 1.
*****Constituency weeks are March 13 to 17, April 17 to 21 and May 22 to 26.
Good Friday and Easter Monday are April 14 and 17.
Victoria Day is May 22.
The House rises on June 1.

NOTES ON COLUMNS

COLUMN 1: Please enter your item and request the LRC date **no later** than this day. Late entries may be discussed with your CO advisor or the ministry before it is accepted.

COLUMN 2: Contact your CO Advisor if there are questions about the draft materials deadline.

COLUMN 3: Final digital materials must be e-mailed to Submissions.LRC@ontario.ca before originals are accepted to ensure the versions align upon delivery. Original signed packages are delivered to: Executive Council Office, Room 4440, Whitney Block, 99 Wellesley Street West.

Contact Lucia Frndova, LRC Manager, at 416-325-7695 or Lucia.Frndova@ontario.ca for any questions about deadlines for final material.

COLUMN 4: Ministries will be required to deliver **90** copies of variance memo and compendium for legislation tracking to a full Cabinet meeting. Items reporting to full Cabinet will normally proceed to the next Cabinet meeting at least one week after LRC.

Version Date: December 15, 2016.

See the PIL intranet site at https://intra.sse.gov.on.ca/sites/cab/apps/PIL/Pages/Legislation-and-Regulations-Committee.aspx for the most recent version of this and other LRC-related documents .

Ontario Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
FAA Borrowing Authority - Refinancing Maturing Debt	Pearce, Christopher
Division	**Branch**
Ontario Financing Authority	Capital Markets Operations
Date Prepared (yyyy/mm/dd)	**Prepared By (Last Name, First Name)**
2017/01/26	Dalgarno, Andrea

Minister's Approval Required	Date Approval Required (yyyy/mm/dd)	Return To (Last Name, First Name)
☑ Yes ☐ No		

Description

Proposed Refinancing Order in Council authorizing Borrowing Authority under sec. 21 of the Financial Administration Act.

Standard Approvals

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Harris, Sarah		
Director	Kandelas, Opallycia		
Assistant Deputy Minister			
Associate Deputy Minister	Mayman, Gadi		
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services			
Legal Services	Waterston, Michael		
Communications Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

 © Queen's Printer for Ontario, 2015

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Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle ~~[name]~~ Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

TARGET DATES FOR JANUARY TO JUNE 2017 LRC MEETINGS

LRC/ LRC Cabinet Meeting (Monday)	1 Request Through EVista by: (Monday)	2 ADM-Approved Drafts to Cabinet Office Advisors (Tuesday)	3 Final Digital and Original Materials to ECO (Thursday)	4 Full Cabinet Meeting if Required (Wednesday)
January 31 (Tue)	January 03 (Tue AM)	January 3	January 19	February 15
February 14 (Tue)	January 16	January 17	February 2	February 22
March 06	February 6	February 7	February 23	March 22
March 27	February 27	February 28	March 16*****	April 5
April 10	March 13	March 14	March 30	April 26
May 01	April 3	April 4	April 20*****	May 10
May 15	April 18 (Tue AM)	April 18	May 4	May 31
May 29	May 1	May 2	May 18	May 31
June 20 (Tue)	May 23 (Tue AM)	May 23	June 8	June 22 (Thu)

NOTE: **These dates may affect ministry preparation of materials:**
ROMA is January 29 to 31.
Family Day is February 20.
The House resumes on February 21.
OGRA is February 26 to March 1.
*****Constituency weeks are March 13 to 17, April 17 to 21 and May 22 to 26.
Good Friday and Easter Monday are April 14 and 17.
Victoria Day is May 22.
The House rises on June 1.

NOTES ON COLUMNS

COLUMN 1: Please enter your item and request the LRC date **no later** than this day. Late entries may be discussed with your CO advisor or the ministry before it is accepted.

COLUMN 2: Contact your CO Advisor if there are questions about the draft materials deadline.

COLUMN 3: Final digital materials must be e-mailed to Submissions.LRC@ontario.ca before originals are accepted to ensure the versions align upon delivery. Original signed packages are delivered to: Executive Council Office, Room 4440, Whitney Block, 99 Wellesley Street West.

Contact Lucia Frndova, LRC Manager, at 416-325-7695 or Lucia.Frndova@ontario.ca for any questions about deadlines for final material.

COLUMN 4: Ministries will be required to deliver **90** copies of variance memo and compendium for legislation tracking to a full Cabinet meeting. Items reporting to full Cabinet will normally proceed to the next Cabinet meeting at least one week after LRC.

Version Date: December 15, 2016.

See the PIL intranet site at https://intra.sse.gov.on.ca/sites/cab/apps/PIL/Pages/Legislation-and-Regulations-Committee.aspx for the most recent version of this and other LRC-related documents .

Ontario Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
FAA Borrowing Authority - Refinancing Maturing Debt	Pearce, Christopher
Division	**Branch**
Ontario Financing Authority	Capital Markets Operations
Date Prepared (yyyy/mm/dd)	**Prepared By (Last Name, First Name)**
2017/01/26	Dalgarno, Andrea

Minister's Approval Required	Date Approval Required (yyyy/mm/dd)	Return To (Last Name, First Name)
☑ Yes ☐ No		

Description

Proposed Refinancing Order in Council authorizing Borrowing Authority under sec. 21 of the Financial Administration Act.

Standard Approvals

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Harris, Sarah		
Director	Kandelas, Opallycia		
Assistant Deputy Minister			
Associate Deputy Minister	Mayman, Gadi		
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services			
Legal Services	Waterston, Michael		
Communications Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

 © Queen's Printer for Ontario, 2015

From: Salman Qadir
To: Sarah Harris; Patrick Rundans (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility
Date: Thursday, May 18, 2017 2:29:37 PM
Attachments: CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v2.doc

---

Hi Sarah and Patrick,
As an update and also for your review/feedback (if any), attached is a draft LRC note for the OIC. I'm hoping to get this to Ron by EOD tomorrow if possible – at least a draft.
Here are some updates with respect to timelines:

- Energy will be going to Cabinet twice, once on June 27 for approval of their regs (and possibly on June 14 as well)
- We're hoping that this can track together with that package from Energy.

Energy actually just asked whether this would go together in one package to Cabinet or if Finance will do this separately… I'm not sure I understand what that would require – maybe we can chat if you have any insight? We know this has to get Minister of Finance's sign off…
Thanks,
Salman
416-325-1422

From: Sarah Harris
Sent: Wednesday, May 10, 2017 3:32 PM
To: Bruno Amara ; Salman Qadir
Cc: Patrick Rundans (MOF)
Subject: RE: new IESO credit facility
Hello Bruno and Salman,
As discussed, I will be sending a few files for the OIC package.
The package usually consists of

1) An LRC Approval form which is essentially the 'briefing' note for the OIC.
2) The unsigned OIC
3) A letter from Gadi to Scott Thompson
4) A letter from Scott Thompson to Charles Sousa.

I've attached the Template LRC Approval Form. It has instructions on how to fill it out. I've also attached for your reference the example of the last LRC form we filled out.
I touched based with Patrick at LSB who provided you with the form of the OIC, and I'm looping him in with us on these OIC communications. Patrick – would you have an example of the completed LRC form that was provided for School Boards in 2014 which may also be used as a reference for completing this Form?
I'll send you an example of the letters (3 and 4 above) that will accompany the package.
Thanks,
Sarah

From: Bruno Amara
Sent: Wednesday, May 10, 2017 2:09 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>

Subject: new IESO credit facility

Hi Sarah

I don't believe we've exchange emails yet, but I'm a manager in the Electricity Finance Branch. Salman was updating me on discussions around the OIC for the IESO credit facility. For a start, I want to confirm that, we are proceeding on assumption that the credit facility would be with OFA. We do not have a lot of experience with the whole OIC process, so I was wondering if you could spare a few minutes, at your convenience, to meet with us. . I understand that your office handles OICs, so a quick chat may help guide us on how we can work together on this. I.e., documentation necessary and other process issues.

At the moment we're trying to get the upcoming LRC schedule so that we know what dates we might be working towards. Let us know when you have some time. We could come to your office, or if you prefer we could set up a teleconference.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority.

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of CIPA, which will authorize the Minister of Finance to provide a loan to the OFA in an amount of up to $3.5 billion. This authorization will be valid between the date of this approval and March 31, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA authorized by LGIC. Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed Fair Hydro Act.

s. 2 Approach and Intended Outcomes

- The OFA provides financing to government entities as directed by the Minister of Finance. For the OFA to on-lend, the OFA borrows from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide loans to the OFA.
- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.
- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act.

s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g.
See Appendix X, Variance Memo

- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the borrowing and on-lending capacity is instrumental in implementing the proposed Fair Hydro Plan.
- The Fair Hydro Plan and its related proposed Fair Hydro Act are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC

also be approved concurrently as it is a crucial component of the successfully implementing the Fair Hydro Plan.
- The related Cabinet Minute XXXXX is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend to the OFA. Subject to the terms and conditions of a Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's Cost of Funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. The directive from the Minister will be required that provides details on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

From: Salman Qadir
To: Sarah Harris; Patrick Rundans (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility
Date: Thursday, May 18, 2017 2:29:37 PM
Attachments: CIPA - OIC s22 - OFA_FHP - LRC_MinistryApprovalForm v2.doc

---

Hi Sarah and Patrick,
As an update and also for your review/feedback (if any), attached is a draft LRC note for the OIC. I'm hoping to get this to Ron by EOD tomorrow if possible – at least a draft.
Here are some updates with respect to timelines:

- Energy will be going to Cabinet twice, once on June 27 for approval of their regs (and possibly on June 14 as well)
- We're hoping that this can track together with that package from Energy.

Energy actually just asked whether this would go together in one package to Cabinet or if Finance will do this separately… I'm not sure I understand what that would require – maybe we can chat if you have any insight? We know this has to get Minister of Finance's sign off…
Thanks,
Salman
416-325-1422

From: Sarah Harris
Sent: Wednesday, May 10, 2017 3:32 PM
To: Bruno Amara ; Salman Qadir
Cc: Patrick Rundans (MOF)
Subject: RE: new IESO credit facility
Hello Bruno and Salman,
As discussed, I will be sending a few files for the OIC package.
The package usually consists of

1) An LRC Approval form which is essentially the 'briefing' note for the OIC.
2) The unsigned OIC
3) A letter from Gadi to Scott Thompson
4) A letter from Scott Thompson to Charles Sousa.

I've attached the Template LRC Approval Form. It has instructions on how to fill it out. I've also attached for your reference the example of the last LRC form we filled out.
I touched based with Patrick at LSB who provided you with the form of the OIC, and I'm looping him in with us on these OIC communications. Patrick – would you have an example of the completed LRC form that was provided for School Boards in 2014 which may also be used as a reference for completing this Form?
I'll send you an example of the letters (3 and 4 above) that will accompany the package.
Thanks,
Sarah

From: Bruno Amara
Sent: Wednesday, May 10, 2017 2:09 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>

Subject: new IESO credit facility

Hi Sarah

I don't believe we've exchange emails yet, but I'm a manager in the Electricity Finance Branch. Salman was updating me on discussions around the OIC for the IESO credit facility. For a start, I want to confirm that, we are proceeding on assumption that the credit facility would be with OFA. We do not have a lot of experience with the whole OIC process, so I was wondering if you could spare a few minutes, at your convenience, to meet with us. . I understand that your office handles OICs, so a quick chat may help guide us on how we can work together on this. I.e., documentation necessary and other process issues.

At the moment we're trying to get the upcoming LRC schedule so that we know what dates we might be working towards. Let us know when you have some time. We could come to your office, or if you prefer we could set up a teleconference.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority.

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of CIPA, which will authorize the Minister of Finance to provide a loan to the OFA in an amount of up to $3.5 billion. This authorization will be valid between the date of this approval and March 31, 2053.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA authorized by LGIC. Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- This proposed OIC is required to fulfil the commitments under the proposed Fair Hydro Act. The timing of this OIC is critical to ensure borrowing authority for the OFA is available as it will be required to provide financing arrangements upon the enactment of the proposed Fair Hydro Act.

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- As announced on March 2, 2017 and highlighted as a commitment in Budget 2017, the Province intends to implement the Fair Hydro Plan which would reduce electricity bills by 25 per cent on average for eligible households.
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- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. The directive from the Minister will be required that provides details on how the OFA can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's proposed Fair Hydro Plan. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

- N/A

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	[name] [Manager], Electricity Finance Branch Ontario Financing Authority	
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	[name] Policy Advisor Deputy Minister's Office	
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

From: Sarah Harris
To: Bruno Amara; Salman Qadir
Cc: Patrick Rundans (MOF)
Subject: RE: new IESO credit facility
Date: Wednesday, May 10, 2017 3:31:39 PM
Attachments: Final LRC Approval Form Refinancing OIC May 2016.doc
11-12LRC_MinistryApprovalForm.doc

Hello Bruno and Salman,
As discussed, I will be sending a few files for the OIC package.
The package usually consists of

1) An LRC Approval form which is essentially the 'briefing' note for the OIC.
2) The unsigned OIC
3) A letter from Gadi to Scott Thompson
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Cc: Salman Qadir
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Hi Sarah
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At the moment we're trying to get the upcoming LRC schedule so that we know what dates we might be working towards. Let us know when you have some time. We could come to your office, or if you prefer we could set up a teleconference.
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Tel: 416-325-1489

Email: bruno.amara@ofina.on.ca

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #:
EVista Tracking #:

Ministry of Finance

Financial Administration Act

Order in Council

Profile at a Glance

Priority: Key regular business
Public Interest: Low
Key Stakeholder Interest: Low
New Costs/Burdens: No for Government
New Savings/Opportunities: No for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 21 of the *Financial Administration Act* ("FAA") authorizing the refinancing of matured and maturing debt

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy	No approval needed	
TB/MBC	No approval needed	

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is sought for an OIC under section 21 of the FAA, which will authorize the Province to refinance matured and maturing debt in the amount of approximately $3.9 billion during the period of June 21, 2015 to June 1, 2017.

- A detailed schedule identifying the relevant securities is attached to the proposed OIC. The schedule was prepared and checked separately by two OFA staff, and its accuracy was verified by the Accounting and Reporting section of OFA Finance and Treasury Division.

- The FAA provides the Province with the authority to refinance maturing debt within the period commencing one year before and ending one year after the date on which the debt matured or was purchased and cancelled.

- The timing of this OIC is critical to ensure that borrowing authority flowing from securities maturing in the prescribed period is not lost and will provide the Province the legal authority to continue to meet its borrowing requirement.

- This proposed OIC is routine business for the Province. The most recent refinancing OIC under the FAA was OIC 111/2016 made on January 27, 2016 in the amount of approximately $10.5 billion.

s. 2 Approach and Intended Outcomes

- Borrowing authority ensures the Province has continued access to the capital markets. The Province has two sources of borrowing authority, the Loan Act and the FAA. The Loan Act borrowing authority is used to finance new debt and the FAA borrowing authority is used to refinance matured and maturing debt. Separate OICs are required in order to use the two authorities.

s. 3 Direction and Urgency

- This OIC is being put forward by the Minister of Finance.

- The timing of this OIC is critical to ensure that borrowing authority flowing from securities that have matured and are maturing in the prescribed period is not lost.

s. 4 Impact Assessment and Costs

- With this OIC, the Province will have borrowing authority available to refinance maturing debt and take advantage of market opportunities when they arise. Payment of principal and interest on borrowing by the Province is a charge on and payable out of the Consolidated Revenue Fund under section 19 of the FAA.

s. 5 Implementation

- If the OIC is approved and signed, the Province will not lose borrowing authority maturing during the period prescribed by the FAA, and which is required for the refinancing of matured or maturing debt.

s. 6 Delivery and Results Tracking

- The Province accesses long-term borrowing opportunities both in the domestic and international markets. On the domestic front, the Province issues a variety of instruments including fixed rate and floating rate bonds and Ontario Savings Bonds. The Province also issues fixed rate and floating rate bonds in the international markets.

s.7 Stakeholder Consultations

- N/A

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Sarah Harris Manager, Capital Markets Operations Ontario Financing Authority	416-325-8142
Ministry Legal	Nicole Symeonides Legal Counsel, Legal Services Branch Ministry of Finance	416-325-0035
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Christopher Pearce Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	Rob Foster Senior Policy Advisor Cabinet Office	416-212-7403

Appendices

Appendix A: The Proposed OIC and Schedule to the Proposed OIC

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X
In the case of a regulation made by another body, e.g. a professional college, add a second line with the name of that body, in *italic Arial 11*. Otherwise ERASE this section.

Title, in bold 14-pt Arial, no more than two lines
Type of instrument(s) (i.e. Legislation, Regulation, OIC)

Profile at a Glance

Priority: *Choose from:* Key to Commitment/Consequential to Commitment/Key regular business/Other regular business
Public Interest: *Choose from:* Very high/High/Moderate/Low/None
Key Stakeholder Interest: *Choose from:* Very high/High/Moderate/Low/None
New Costs/Burdens: *Choose from:* Yes/No for Stakeholders; Yes/No for Government
New Savings/Opportunities: *Choose from:* Yes/No for Stakeholders; Yes/No for Government

---

Proposed Items for Review

ERASE instructions when complete: Use a numbered list, Arial 11, indicating Act and regulation titles (and regulation number as needed, e.g. O. Reg. 99/01) for each item. Use following examples for structure:

1. New legislation titled the *New Legislation Act, 2009*
2. Order in Council to Proclaim sections of the *Legislation Act, 2006*
3. New regulation under the *Legislation Act, 2006*, titled "General"
4. Amending the Fees regulation under the *Legislation Act*, O. Reg. 522/12
5. Order in Council under the *Legislation Act, 2006*

Approvals required prior to LRC

ERASE instruction when complete: Include the committee name and date in the relevant box (e.g. HESP – Dec. 6, 2011), or enter "No approval needed" if applicable.

	Committee and date	Cabinet Date
Policy		
TB/MBC		

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

ERASE these guidelines and questions after completing the form.
Key questions - Be brief (this section should run less than a quarter page):

- What is the problem/issue?
- Briefly and generally, what are you proposing to do about it?

s. 2 Approach and Intended Outcomes

Note appendices here, or ERASE, e.g. See Appendix X, Details of Changes

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- What regulatory or legislative changes are you making, or what does your OIC do?
- What are the changes meant to achieve?
- Why is this legislation/regulation/OIC the most appropriate approach?
- Could the outcome be met through a policy/guideline instead?
- How will this proposal affect Ontarians?
- You may want to refer to the ***OPS Inclusion Lens*** to help you identify and outline the diversity and inclusion considerations of your initiative
- What evidence exists to support your approach?
- You may want to refer to the ***Research Evidence Tool*** for ideas and assistance when answering this question.

s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g. See Appendix X, Variance Memo

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- What is the source of direction for this proposal? State the relevant direction, for example:
    - Cabinet policy minute – *Paraphrase or summarize the direction - do not quote actual Cabinet minutes. Cabinet Office will provide members with copies of actual minutes as needed.*
    - Throne speech
    - Budget commitment
    - Public commitment
    - Other direction

- If there is a Cabinet policy minute, clearly indicate either a) that the proposal does not vary from the direction, or b) that it does vary, and include a Variance Memo as an appendix. If your item is legislation, you must include a Variance Memo, even if it indicates that there is no variance from policy.
- Why should it be done now, can it wait? Are there consequences to not acting now?
- If there is a specific date by which this proposal must be in place, provide that date.

s. 4 Impact Assessment and Costs

Note appendices here, or ERASE, e.g.
See Appendix X, Impact Assessment

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions, to assess impact and costs to both external and internal (government) stakeholders:

- How does the proposal align with or support the government's overall economic objectives?
- How is the proposal the most economically efficient way of attaining the desired goal?
- What will this proposal mean to residents and businesses that are affected?
- What obligations are created, what burdens are placed?
- What costs to residents or businesses are created? What opportunities are created?
- Are there costs or liabilities in not proceeding?
- What is the conclusion of your impact assessment (on balance, what do the answers to the above questions mean)?
- What costs to government or the broader public service are created by this proposal?
- If there are cost or resource implications to government, what approval is there to address the costs or resources (e.g. TB approval, part of RbP, within current resources)? *Include detailed financial information in an appendix if desired – Cabinet Office will provide members with copies of actual TB/MBC minutes as needed.*
- What savings might government or the broader public service see?

s. 5 Implementation

Note appendices here, or ERASE, e.g.
See Appendix X, Implementation Plan

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- How will the proposal be implemented? Who will be responsible for implementation (third party, operations)?
- What are the timelines?
- When will the regulation come into force, and when will its provisions come into force?
- Are there any implementation risks? If so, what are the ministry's plans to mitigate those risks?
- You may want to refer to the ***Guide to Risk Assessment Analysis, including Legal Consultation*** when completing this section.

s. 6 Delivery and Results Tracking

Note appendices here, or ERASE, e.g.
See Appendix X, Delivery Milestones

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- What mechanisms are in place to track results towards the intended outcomes stated in s. 2 above?
- How are you measuring performance? List any targets for delivery and milestones toward those targets.
- If the results are found to be coming off track during performance measurement, what plans are there to re-calibrate implementation to achieve the intended outcomes?
- You may want to consider the resources available under the ***Delivery Toolbox*** when completing this section.

s.7 Stakeholder Consultations

Note appendices here, or ERASE, e.g.
See Appendix X, Stakeholders

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- Who was consulted, and how?
- Include consultation feedback from external advisors or commissioners (e.g. Information and Privacy Commissioner, Fairness Commissioner, etc).
- How are stakeholders likely to react? What are their main concerns?
- Was there broad public consultation, e.g. Environmental Bill of Rights or Regulatory Registry posting? When?
- If the proposal affects a particular riding or focused area, who are the local representatives (e.g. MPPs, mayors), and what is their likely reaction?
- Were other ministries that may be affected by the proposal consulted?

- Was the proposal altered to address concerns raised by external and/or internal stakeholders?
- Does this proposal affect other legislation and/or regulations?
- Were any key stakeholders not consulted, and why not?
- You may want to refer to the ***Guide to Stakeholder Engagement*** when completing this section.

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- With this proposal, how will Ontario compare to other relevant or key jurisdictions?
- Will the proposal help harmonize Ontario's rules with other relevant or key jurisdictions? Briefly, why or why not?

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- What are the key communications plans or opportunities?
- Is the item contentious?
- If required, include the "Communications Plan Snapshot" as an appendix.

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program		
Ministry Legal		
Ministry Communications		
Assistant or Deputy Minister's Office		
Cabinet Office Policy		

Appendices

List the included appendices, e.g.
Appendix A: Variance Memo
Appendix B: Compendium
Appendix C: Draft Legislation

SEE USER'S GUIDE FOR INFORMATION ON REQUIRED AND OPTIONAL APPENDICES.

From: Sarah Harris
To: Bruno Amara; Salman Qadir
Cc: Patrick Rundans (MOF)
Subject: RE: new IESO credit facility
Date: Wednesday, May 10, 2017 3:31:39 PM
Attachments: Final LRC Approval Form Refinancing OIC May 2016.doc
11-12LRC_MinistryApprovalForm.doc

Hello Bruno and Salman,
As discussed, I will be sending a few files for the OIC package.
The package usually consists of

1) An LRC Approval form which is essentially the 'briefing' note for the OIC.
2) The unsigned OIC
3) A letter from Gadi to Scott Thompson
4) A letter from Scott Thompson to Charles Sousa.

I've attached the Template LRC Approval Form. It has instructions on how to fill it out. I've also attached for your reference the example of the last LRC form we filled out.
I touched based with Patrick at LSB who provided you with the form of the OIC, and I'm looping him in with us on these OIC communications. Patrick – would you have an example of the completed LRC form that was provided for School Boards in 2014 which may also be used as a reference for completing this Form?
I'll send you an example of the letters (3 and 4 above) that will accompany the package.
Thanks,
Sarah

From: Bruno Amara
Sent: Wednesday, May 10, 2017 2:09 PM
To: Sarah Harris
Cc: Salman Qadir
Subject: new IESO credit facility

Hi Sarah
I don't believe we've exchange emails yet, but I'm a manager in the Electricity Finance Branch. Salman was updating me on discussions around the OIC for the IESO credit facility. For a start, I want to confirm that, we are proceeding on assumption that the credit facility would be with OFA. We do not have a lot of experience with the whole OIC process, so I was wondering if you could spare a few minutes, at your convenience, to meet with us. . I understand that your office handles OICs, so a quick chat may help guide us on how we can work together on this. I.e., documentation necessary and other process issues.
At the moment we're trying to get the upcoming LRC schedule so that we know what dates we might be working towards. Let us know when you have some time. We could come to your office, or if you prefer we could set up a teleconference.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489

Email: bruno.amara@ofina.on.ca

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #:
EVista Tracking #:

Ministry of Finance

Financial Administration Act

Order in Council

Profile at a Glance

Priority: Key regular business
Public Interest: Low
Key Stakeholder Interest: Low
New Costs/Burdens: No for Government
New Savings/Opportunities: No for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 21 of the *Financial Administration Act* ("FAA") authorizing the refinancing of matured and maturing debt

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy	No approval needed	
TB/MBC	No approval needed	

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is sought for an OIC under section 21 of the FAA, which will authorize the Province to refinance matured and maturing debt in the amount of approximately $3.9 billion during the period of June 21, 2015 to June 1, 2017.

- A detailed schedule identifying the relevant securities is attached to the proposed OIC. The schedule was prepared and checked separately by two OFA staff, and its accuracy was verified by the Accounting and Reporting section of OFA Finance and Treasury Division.

- The FAA provides the Province with the authority to refinance maturing debt within the period commencing one year before and ending one year after the date on which the debt matured or was purchased and cancelled.

- The timing of this OIC is critical to ensure that borrowing authority flowing from securities maturing in the prescribed period is not lost and will provide the Province the legal authority to continue to meet its borrowing requirement.

- This proposed OIC is routine business for the Province. The most recent refinancing OIC under the FAA was OIC 111/2016 made on January 27, 2016 in the amount of approximately $10.5 billion.

s. 2 Approach and Intended Outcomes

- Borrowing authority ensures the Province has continued access to the capital markets. The Province has two sources of borrowing authority, the Loan Act and the FAA. The Loan Act borrowing authority is used to finance new debt and the FAA borrowing authority is used to refinance matured and maturing debt. Separate OICs are required in order to use the two authorities.

s. 3 Direction and Urgency

- This OIC is being put forward by the Minister of Finance.

- The timing of this OIC is critical to ensure that borrowing authority flowing from securities that have matured and are maturing in the prescribed period is not lost.

s. 4 Impact Assessment and Costs

- With this OIC, the Province will have borrowing authority available to refinance maturing debt and take advantage of market opportunities when they arise. Payment of principal and interest on borrowing by the Province is a charge on and payable out of the Consolidated Revenue Fund under section 19 of the FAA.

s. 5 Implementation

- If the OIC is approved and signed, the Province will not lose borrowing authority maturing during the period prescribed by the FAA, and which is required for the refinancing of matured or maturing debt.

s. 6 Delivery and Results Tracking

- The Province accesses long-term borrowing opportunities both in the domestic and international markets. On the domestic front, the Province issues a variety of instruments including fixed rate and floating rate bonds and Ontario Savings Bonds. The Province also issues fixed rate and floating rate bonds in the international markets.

s.7 Stakeholder Consultations

- N/A

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Sarah Harris Manager, Capital Markets Operations Ontario Financing Authority	416-325-8142
Ministry Legal	Nicole Symeonides Legal Counsel, Legal Services Branch Ministry of Finance	416-325-0035
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Christopher Pearce Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	Rob Foster Senior Policy Advisor Cabinet Office	416-212-7403

Appendices

Appendix A: The Proposed OIC and Schedule to the Proposed OIC

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: (e.g. REG-8733, OICNA-11556, DLEG-488)
EVista Tracking #: (e.g. SUB-REG-2009-334)

Ministry of X
In the case of a regulation made by another body, e.g. a professional college, add a second line with the name of that body, in *italic Arial 11*. Otherwise ERASE this section.

Title, in bold 14-pt Arial, no more than two lines
Type of instrument(s) (i.e. Legislation, Regulation, OIC)

Profile at a Glance

Priority: *Choose from:* Key to Commitment/Consequential to Commitment/Key regular business/Other regular business
Public Interest: *Choose from:* Very high/High/Moderate/Low/None
Key Stakeholder Interest: *Choose from:* Very high/High/Moderate/Low/None
New Costs/Burdens: *Choose from:* Yes/No for Stakeholders; Yes/No for Government
New Savings/Opportunities: *Choose from:* Yes/No for Stakeholders; Yes/No for Government

---

Proposed Items for Review

ERASE instructions when complete: Use a numbered list, Arial 11, indicating Act and regulation titles (and regulation number as needed, e.g. O. Reg. 99/01) for each item. Use following examples for structure:

1. New legislation titled the *New Legislation Act, 2009*
2. Order in Council to Proclaim sections of the *Legislation Act, 2006*
3. New regulation under the *Legislation Act, 2006*, titled "General"
4. Amending the Fees regulation under the *Legislation Act*, O. Reg. 522/12
5. Order in Council under the *Legislation Act, 2006*

Approvals required prior to LRC

ERASE instruction when complete: Include the committee name and date in the relevant box (e.g. HESP – Dec. 6, 2011), or enter "No approval needed" if applicable.

	Committee and date	Cabinet Date
Policy		
TB/MBC		

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

ERASE these guidelines and questions after completing the form.
Key questions - Be brief (this section should run less than a quarter page):

- What is the problem/issue?
- Briefly and generally, what are you proposing to do about it?

s. 2 Approach and Intended Outcomes

Note appendices here, or ERASE, e.g. See Appendix X, Details of Changes

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- What regulatory or legislative changes are you making, or what does your OIC do?
- What are the changes meant to achieve?
- Why is this legislation/regulation/OIC the most appropriate approach?
- Could the outcome be met through a policy/guideline instead?
- How will this proposal affect Ontarians?
- You may want to refer to the ***OPS Inclusion Lens*** to help you identify and outline the diversity and inclusion considerations of your initiative
- What evidence exists to support your approach?
- You may want to refer to the ***Research Evidence Tool*** for ideas and assistance when answering this question.

s. 3 Direction and Urgency

Note appendices here, or ERASE, e.g. See Appendix X, Variance Memo

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- What is the source of direction for this proposal? State the relevant direction, for example:
    - Cabinet policy minute – *Paraphrase or summarize the direction - do not quote actual Cabinet minutes. Cabinet Office will provide members with copies of actual minutes as needed.*
    - Throne speech
    - Budget commitment
    - Public commitment
    - Other direction

- If there is a Cabinet policy minute, clearly indicate either a) that the proposal does not vary from the direction, or b) that it does vary, and include a Variance Memo as an appendix. If your item is legislation, you must include a Variance Memo, even if it indicates that there is no variance from policy.
- Why should it be done now, can it wait? Are there consequences to not acting now?
- If there is a specific date by which this proposal must be in place, provide that date.

s. 4 Impact Assessment and Costs

Note appendices here, or ERASE, e.g.
See Appendix X, Impact Assessment

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Key questions, to assess impact and costs to both external and internal (government) stakeholders:

- How does the proposal align with or support the government's overall economic objectives?
- How is the proposal the most economically efficient way of attaining the desired goal?
- What will this proposal mean to residents and businesses that are affected?
- What obligations are created, what burdens are placed?
- What costs to residents or businesses are created? What opportunities are created?
- Are there costs or liabilities in not proceeding?
- What is the conclusion of your impact assessment (on balance, what do the answers to the above questions mean)?
- What costs to government or the broader public service are created by this proposal?
- If there are cost or resource implications to government, what approval is there to address the costs or resources (e.g. TB approval, part of RbP, within current resources)? *Include detailed financial information in an appendix if desired – Cabinet Office will provide members with copies of actual TB/MBC minutes as needed.*
- What savings might government or the broader public service see?

s. 5 Implementation

Note appendices here, or ERASE, e.g.
See Appendix X, Implementation Plan

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- How will the proposal be implemented? Who will be responsible for implementation (third party, operations)?
- What are the timelines?
- When will the regulation come into force, and when will its provisions come into force?
- Are there any implementation risks? If so, what are the ministry's plans to mitigate those risks?
- You may want to refer to the ***Guide to Risk Assessment Analysis, including Legal Consultation*** when completing this section.

s. 6 Delivery and Results Tracking

Note appendices here, or ERASE, e.g.
See Appendix X, Delivery Milestones

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- What mechanisms are in place to track results towards the intended outcomes stated in s. 2 above?
- How are you measuring performance? List any targets for delivery and milestones toward those targets.
- If the results are found to be coming off track during performance measurement, what plans are there to re-calibrate implementation to achieve the intended outcomes?
- You may want to consider the resources available under the ***Delivery Toolbox*** when completing this section.

s.7 Stakeholder Consultations

Note appendices here, or ERASE, e.g.
See Appendix X, Stakeholders

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- Who was consulted, and how?
- Include consultation feedback from external advisors or commissioners (e.g. Information and Privacy Commissioner, Fairness Commissioner, etc).
- How are stakeholders likely to react? What are their main concerns?
- Was there broad public consultation, e.g. Environmental Bill of Rights or Regulatory Registry posting? When?
- If the proposal affects a particular riding or focused area, who are the local representatives (e.g. MPPs, mayors), and what is their likely reaction?
- Were other ministries that may be affected by the proposal consulted?

- Was the proposal altered to address concerns raised by external and/or internal stakeholders?
- Does this proposal affect other legislation and/or regulations?
- Were any key stakeholders not consulted, and why not?
- You may want to refer to the ***Guide to Stakeholder Engagement*** when completing this section.

s.8 Other Jurisdictions and Harmonization

Note appendices here, or ERASE, e.g.
See Appendix X, Comparison with Quebec

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- With this proposal, how will Ontario compare to other relevant or key jurisdictions?
- Will the proposal help harmonize Ontario's rules with other relevant or key jurisdictions? Briefly, why or why not?

s. 9 Communications

Note appendices here, or ERASE, e.g.
See Appendix X, Communications Plan

ERASE these guidelines and questions after completing the form. Provide only key information here – if you need to provide details, do so in an appendix.
Key questions - Address any that apply to your proposal:

- What are the key communications plans or opportunities?
- Is the item contentious?
- If required, include the "Communications Plan Snapshot" as an appendix.

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program		
Ministry Legal		
Ministry Communications		
Assistant or Deputy Minister's Office		
Cabinet Office Policy		

Appendices

List the included appendices, e.g.
Appendix A: Variance Memo
Appendix B: Compendium
Appendix C: Draft Legislation

SEE USER'S GUIDE FOR INFORMATION ON REQUIRED AND OPTIONAL APPENDICES.

From:	Salman Qadir
To:	Sarah Harris; Patrick Rundans (MOF)
Cc:	Bruno Amara
Subject:	RE: new IESO credit facility
Date:	Tuesday, May 23, 2017 10:33:29 AM

Sounds good. I'll drop by.

From: Sarah Harris
Sent: Tuesday, May 23, 2017 10:25 AM
To: Salman Qadir ; Patrick Rundans (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Sounds good.

Salman – shall we meet in your office or my office and we call Patrick?

From: Salman Qadir
Sent: Tuesday, May 23, 2017 10:15 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

12:15pm works for me as well.

From: Sarah Harris
Sent: Tuesday, May 23, 2017 10:13 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

12:15 p.m. works for me.

Sarah

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 23, 2017 10:10 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

I'm available now. If that doesn't work, then I will be available at 12:15..

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 10:08 AM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Bruno Amara

Subject: RE: new IESO credit facility

Oops, did not read Sarah's email properly. Looks like next best time is 12pm? Is that okay for all?

I am free today, any time now.

Salman

From: Salman Qadir
Sent: Tuesday, May 23, 2017 10:07 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

I can chat at 10:30 – seems to work for all?

Sarah: I can come to your office if its easier and can call Patrick together?

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 23, 2017 9:55 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

I have a meeting from 11 to 12 but am otherwise available to discuss today.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: May 23, 2017 9:50 AM
To: Salman Qadir; Rundans, Patrick (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Hi Salman,

Thanks for the clarification. Assuming that the June 27th is an additional meeting day after the June 20th date', I think we would have at least a couple more days to get sign-offs on the LRC package.

Let's have a chat with Patrick about the feasibility of including the OIC *into* Energy's package.

Other than 10:30 am. to 11:30 a.m. I am free to chat. Please let me know what would work for you.

Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 9:24 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

Hi Sarah,

Can definitely chat today. Just a few comments on your points:

- I actually do not have a EVISTA number, that was just the template example (red text). We have reached out to DMO etc on this as well. We also had a quick chat with CO and Energy and

there was the appetite to add this to Energy's submission. We were only told of two dates, later being June 27 and an earlier date of June 14, 2017. I think this is the question we have posed – do we need our own EVISTA number and tracking or can this is part of Energy's package. Acknowledging the timelines, we believed having a package ready and signed off by Minister of Finance to be inserted into Energy's package would work – I'm just unsure whether that is plausible and the whether the rules require us to have our own EVISTA number.

- I have not been given concrete dates except that FHP is aiming for a July 1 implementation, hence the requirement for the OIC. This is something I also wanted to speak with you about as we should start working on drafting the credit agreement itself, alongside the directive as you mentioned. Working on getting an update on this today.

Salman

From: Sarah Harris
Sent: Tuesday, May 23, 2017 8:29 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

Hi Salman,

I just have a couple of comments, one is for Patrick's consideration.

A few points on process:

- I see you have an EVISTA number already for this file. I just want to confirm with you that this is applicable to this specific OIC i.e. you have made a request through EVISTA through the DMO to include this item specifically (not applying Energy's EVISTA number its items) for the relevant LRC date. I am also a little confused (perhaps Patrick can provide some insight) as to June 27th Cabinet date. My understanding is that if this OIC is going for approval in June, it would be going to LRC on June 20th (per attached calendar). If the June 20th LRC date is used then, according the attached LRC schedule, the item must be entered into EVISTA this morning and the final signed off package would need to be at the DMO on by EOD today. The timing to get sign-offs this package through for the June 20th LRC would be very difficult.
- The package needs to be accompanied by a LRC Blue Approval Form. I've attached a sample for our last OIC which you would need to fill out with the specifics of this OIC. It needs to be printed on special blue paper, which I have available.
- I think we should have a quick chat this morning to determine this should and can actually track with Energy. I am not clear as to the exact urgency of when the OFA will need to begin borrowing and making loans in relation to the OIC. If this this can wait until the next LRC date, I frankly think it is much more realistic and preferable. What is the desired timeframe put into place the new IESO OFA FHP Credit Facility? In addition to the new OIC, I think a directive would be required as well? Patrick and Salman, would you be available at 9:30 a.m. to discuss?

Thanks,

Sarah

From: Salman Qadir
Sent: Thursday, May 18, 2017 2:30 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

Hi Sarah and Patrick,

As an update and also for your review/feedback (if any), attached is a draft LRC note for the OIC. I'm hoping to get this to Ron by EOD tomorrow if possible – at least a draft.

Here are some updates with respect to timelines:

- Energy will be going to Cabinet twice, once on June 27 for approval of their regs (and possibly on June 14 as well)
- We're hoping that this can track together with that package from Energy.

Energy actually just asked whether this would go together in one package to Cabinet or if Finance will do this separately… I'm not sure I understand what that would require – maybe we can chat if you have any insight? We know this has to get Minister of Finance's sign off…

Thanks,

Salman

416-325-1422

From: Sarah Harris
Sent: Wednesday, May 10, 2017 3:32 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Subject: RE: new IESO credit facility

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Email: bruno.amara@ofina.on.ca

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To: Salman Qadir; Rundans, Patrick (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Hi Salman,

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To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>

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416-325-1422

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From:	Salman Qadir
To:	Sarah Harris; Patrick Rundans (MOF)
Cc:	Bruno Amara
Subject:	RE: new IESO credit facility
Date:	Tuesday, May 23, 2017 10:15:06 AM

12:15pm works for me as well.

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Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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From:	Sarah Harris
To:	Patrick Rundans (MOF); Salman Qadir
Cc:	Bruno Amara
Subject:	RE: new IESO credit facility
Date:	Tuesday, May 23, 2017 10:13:09 AM

12:15 p.m. works for me.

Sarah

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Tuesday, May 23, 2017 10:10 AM

To: Salman Qadir ; Sarah Harris

Cc: Bruno Amara

Subject: RE: new IESO credit facility

I'm available now. If that doesn't work, then I will be available at 12:15..

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch
T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 10:08 AM
To: Rundans, Patrick (MOF); Harris, Sarah (OFA)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Oops, did not read Sarah's email properly. Looks like next best time is 12pm? Is that okay for all?

I am free today, any time now.

Salman

From: Salman Qadir

Sent: Tuesday, May 23, 2017 10:07 AM

To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: new IESO credit facility

I can chat at 10:30 – seems to work for all?

Sarah: I can come to your office if its easier and can call Patrick together?

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]

Sent: Tuesday, May 23, 2017 9:55 AM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: new IESO credit facility

I have a meeting from 11 to 12 but am otherwise available to discuss today.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch

T: 416-212-4538
F: 416-325-1460
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From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: May 23, 2017 9:50 AM
To: Salman Qadir; Rundans, Patrick (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Hi Salman,

Thanks for the clarification. Assuming that the June 27th is an additional meeting day after the June 20th date', I think we would have at least a couple more days to get sign-offs on the LRC package. Let's have a chat with Patrick about the feasibility of including the OIC *into* Energy's package. Other than 10:30 am. to 11:30 a.m. I am free to chat. Please let me know what would work for you.

Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 9:24 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

Hi Sarah,

Can definitely chat today. Just a few comments on your points:

- I actually do not have a EVISTA number, that was just the template example (red text). We have reached out to DMO etc on this as well. We also had a quick chat with CO and Energy and there was the appetite to add this to Energy's submission. We were only told of two dates, later being June 27 and an earlier date of June 14, 2017. I think this is the question we have posed – do we need our own EVISTA number and tracking or can this is part of Energy's package. Acknowledging the timelines, we believed having a package ready and signed off by Minister of Finance to be inserted into Energy's package would work – I'm just unsure whether that is plausible and the whether the rules require us to have our own EVISTA number.
- I have not been given concrete dates except that FHP is aiming for a July 1 implementation, hence the requirement for the OIC. This is something I also wanted to speak with you about as we should start working on drafting the credit agreement itself, alongside the directive as you mentioned. Working on getting an update on this today.

Salman

From: Sarah Harris
Sent: Tuesday, May 23, 2017 8:29 AM
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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

Hi Salman,

I just have a couple of comments, one is for Patrick's consideration.

A few points on process:

- I see you have an EVISTA number already for this file. I just want to confirm with you that this is applicable to this specific OIC i.e. you have made a request through EVISTA through the DMO to include this item specifically (not applying Energy's EVISTA number its items) for the relevant LRC date. I am also a little confused (perhaps Patrick can provide some insight) as to June 27th Cabinet date. My understanding is that if this OIC is going for approval in June, it would be going to LRC on June 20th (per attached calendar). If the June 20th LRC date is used then, according the attached LRC schedule, the item must be entered into EVISTA this morning and the final signed off package would need to be at the DMO on by EOD today. The timing to get sign-offs this package through for the June 20th LRC would be very difficult.
- The package needs to be accompanied by a LRC Blue Approval Form. I've attached a sample for our last OIC which you would need to fill out with the specifics of this OIC. It needs to be printed on special blue paper, which I have available.
- I think we should have a quick chat this morning to determine this should and can actually track with Energy. I am not clear as to the exact urgency of when the OFA will need to begin borrowing and making loans in relation to the OIC. If this this can wait until the next LRC date, I frankly think it is much more realistic and preferable. What is the desired timeframe put into place the new IESO OFA FHP Credit Facility? In addition to the new OIC, I think a directive would be required as well? Patrick and Salman, would you be available at 9:30 a.m. to discuss?

Thanks,
Sarah

From: Salman Qadir
Sent: Thursday, May 18, 2017 2:30 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

Hi Sarah and Patrick,
As an update and also for your review/feedback (if any), attached is a draft LRC note for the OIC. I'm hoping to get this to Ron by EOD tomorrow if possible – at least a draft.
Here are some updates with respect to timelines:

- Energy will be going to Cabinet twice, once on June 27 for approval of their regs (and possibly on June 14 as well)
- We're hoping that this can track together with that package from Energy.

Energy actually just asked whether this would go together in one package to Cabinet or if Finance will do this separately… I'm not sure I understand what that would require – maybe we can chat if you have any insight? We know this has to get Minister of Finance's sign off…
Thanks,
Salman
416-325-1422

From: Sarah Harris
Sent: Wednesday, May 10, 2017 3:32 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Subject: RE: new IESO credit facility

Hello Bruno and Salman,
As discussed, I will be sending a few files for the OIC package.
The package usually consists of

1) An LRC Approval form which is essentially the 'briefing' note for the OIC.
2) The unsigned OIC
3) A letter from Gadi to Scott Thompson
4) A letter from Scott Thompson to Charles Sousa.

I've attached the Template LRC Approval Form. It has instructions on how to fill it out. I've also attached for your reference the example of the last LRC form we filled out.
I touched based with Patrick at LSB who provided you with the form of the OIC, and I'm looping him in with us on these OIC communications. Patrick – would you have an example of the completed LRC form that was provided for School Boards in 2014 which may also be used as a reference for completing this Form?
I'll send you an example of the letters (3 and 4 above) that will accompany the package.
Thanks,
Sarah

From: Bruno Amara
Sent: Wednesday, May 10, 2017 2:09 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: new IESO credit facility

Hi Sarah
I don't believe we've exchange emails yet, but I'm a manager in the Electricity Finance Branch. Salman was updating me on discussions around the OIC for the IESO credit facility. For a start, I want to confirm that, we are proceeding on assumption that the credit facility would be with OFA. We do not have a lot of experience with the whole OIC process, so I was wondering if you could spare a few minutes, at your convenience, to meet with us. . I understand that your office handles OICs, so a quick chat may help guide us on how we can work together on this. I.e., documentation necessary and other process issues.
At the moment we're trying to get the upcoming LRC schedule so that we know what dates we might be working towards. Let us know when you have some time. We could come to your office, or if you prefer we could set up a teleconference.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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From:	Salman Qadir
To:	Patrick Rundans (MOF)
Cc:	Sarah Harris; Bruno Amara
Subject:	RE: new IESO credit facility
Date:	Tuesday, May 23, 2017 2:49:21 PM

Hi Patrick,

For finalizing the OIC, the dollar value should be $3.5 billion and the expiry/maturity date of the OIC should be June 30, 2053.

Please do let me know if you require anything else to finalize the OIC.

Salman

From: Sarah Harris
Sent: Tuesday, May 23, 2017 9:50 AM
To: Salman Qadir ; Patrick Rundans (MOF)
Cc: Bruno Amara
Subject: RE: new IESO credit facility

Hi Salman,

Thanks for the clarification. Assuming that the June 27th is an additional meeting day after the June 20th date', I think we would have at least a couple more days to get sign-offs on the LRC package.

Let's have a chat with Patrick about the feasibility of including the OIC *into* Energy's package.

Other than 10:30 am. to 11:30 a.m. I am free to chat. Please let me know what would work for you.

Sarah

From: Salman Qadir
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To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

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Salman

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Thanks,

Sarah

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To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: new IESO credit facility

Hi Sarah and Patrick,

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Thanks,

Salman
416-325-1422

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Subject: RE: new IESO credit facility

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I'll send you an example of the letters (3 and 4 above) that will accompany the package.

Thanks,

Sarah

From: Bruno Amara
Sent: Wednesday, May 10, 2017 2:09 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: new IESO credit facility

Hi Sarah

I don't believe we've exchange emails yet, but I'm a manager in the Electricity Finance Branch. Salman was updating me on discussions around the OIC for the IESO credit facility. For a start, I want to confirm that, we are proceeding on assumption that the credit facility would be with OFA. We do not have a lot of experience with the whole OIC process, so I was wondering if you could spare a few minutes, at your convenience, to meet with us. . I understand that your office handles OICs, so a quick chat may help guide us on how we can work together on this. I.e., documentation necessary and other process issues.

At the moment we're trying to get the upcoming LRC schedule so that we know what dates we might be working towards. Let us know when you have some time. We could come to your office, or if you prefer we could set up a teleconference.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Hanslep, Malle (MOF)
To: Sarah Harris
Cc: Kelly Listoe; Opal Kandelas
Subject: Re: Cryptic request - non-disclosure agreement
Date: Wednesday, March 29, 2017 5:24:23 PM

Hi. We, do have sample non disclosure agreements that we have used for transactions ie providing info for persons to make bids for example. I am going to be at meetings from 9 to 11.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Sarah Harris
Sent: Wednesday, March 29, 2017 16:25
To: Hanslep, Malle (MOF)
Cc: Listoe, Kelly (OFA); Kandelas, Opal (OFA)
Subject: Cryptic request - non-disclosure agreement

Hi Malle,

This is just a heads-up that we have been requested by Mike Manning to draft a non-disclosure agreement for hiring a dealer to advise on certain pricing matters for Hydro. I have very little information and Opal is seeking more detail, but I have been told that this is needed ASAP.

I don't recall Documentation ever drafting such an agreement, but perhaps you have some experience.

I am copying Kelly, as he is just finding out now that I will be asking his assistance to work on this.

I'll touch base with you in the morning when I have more detail.

Thanks,
Sarah

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From: Hanslep, Malle (MOF)
To: Sarah Harris
Cc: Kelly Listoe; Opal Kandelas
Subject: Re: Cryptic request - non-disclosure agreement
Date: Thursday, March 30, 2017 9:36:18 AM

Ok

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Sarah Harris
Sent: Thursday, March 30, 2017 09:11
To: Hanslep, Malle (MOF)
Cc: Listoe, Kelly (OFA); Kandelas, Opal (OFA)
Subject: RE: Cryptic request - non-disclosure agreement

Thank you, Malle.

I'll hopefully have a more complete picture after 11, and then hopefully we can find a sample that is a fairly close match.

Sarah

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, March 29, 2017 5:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Re: Cryptic request - non-disclosure agreement

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From: John Kim
To: Sarah Harris
Cc: Salman Qadir; Linda Smith; Opal Kandelas; Bruno Amara
Subject: Re: DRAFT IESO FH credit letter
Date: Tuesday, May 09, 2017 6:01:02 PM

Thanks....OFA facility is most likely. Will circle back with you tomorrow.

On May 9, 2017, at 4:15 PM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

> Hello John,
> I'm not sure if you've seen the attached letter as of yet. We have received this request from IESO to set-up a credit facility for IESO to borrow $1,500M to fund the Fair Hydro Program.
> IESO indicates that they either wish to have the existing $975M credit facility between the OFA and IESO increased by $1,500M (incorporating their proposed provisions) or to have a separate $1,500M credit facility altogether. I'm aware that there have some discussions around this. Do you know if it has been decided if OFA or OEFC should provide this facility?
> Thanks,
> Sarah
> 5-8193
>
> ---
>
> **From:** Opal Kandelas
> **Sent:** Tuesday, May 09, 2017 11:54 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Subject:** FW: DRAFT IESO FH credit letter
> **Importance:** High
>
> ---
>
> **From:** Mike Manning
> **Sent:** Tuesday, May 09, 2017 11:21 AM
> **To:** Opal Kandelas <Opal.Kandelas@ofina.on.ca>
> **Subject:** FW: DRAFT IESO FH credit letter
> **Importance:** High
> As discussed.
> Mike
>
> ---
>
> **From:** Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> **Sent:** Tuesday, May 09, 2017 10:26 AM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> **Subject:** DRAFT IESO FH credit letter
> See attached draft letter we hope to issue this week – for your comments (will appreciate by Thursday this week if any).
> I did speak with Moody's on April 28 to obtain their feedback.
> Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).

As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.
Regards.

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> Sarah
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Regards.

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From: Sarah Harris
To: Kelly Listoe
Subject: Re: IESO Amendments
Date: Friday, April 28, 2017 8:17:51 AM

Hi Kelly,

I won't be on the office until 9. Could you please peak at the Note from my email yesterday, and if it looks weird, could you please ask Anis to fix it. If it looks fine, could you please resend?

Thanks,
Sarah

On Apr 28, 2017, at 8:10 AM, Victor Buza <Victor.Buza@ieso.ca> wrote:

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Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

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Sarah Harris
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Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
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Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

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Cc: Sarah Harris
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To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: Re: IESO Amendments
Date: Thursday, April 27, 2017 6:05:18 PM

Hi Victor,

Other than me confirming the form of interest rate to be listed at the top of the $120M note, are you okay with the last drafts of the agreements? If so, could you please prepare execution versions of the agreements. I will have an answer for you on the interest rate reference for the note tomorrow morning. I just need to confirm internally - nothing contentious.

Olga and I connected earlier this afternoon, so we are on track there.

Thanks,
Sarah
On Apr 27, 2017, at 5:49 PM, Victor Buza <Victor.Buza@ieso.ca> wrote:

> Thanks Sarah - I have arranged a window when I will get the agreements and other documents signed tomorrow between 145 and 230 so I really need executable forms of all documents by say 1230 tomorrow if at all possible.
>
> I will be working from our Mississauga office which is where my signors will be. I understand we can arrange same day delivery of the documents from Mississauga to Toronto if you require that.
>
> I am hoping you had a chance to speak with Olga Whitely regarding the operations side of all of this today.
>
> Regards
> Victor
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> Sent from my BlackBerry 10 smartphone on the Rogers network.

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Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

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Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Hi Victor,

Other than me confirming the form of interest rate to be listed at the top of the $120M note, are you okay with the last drafts of the agreements? If so, could you please prepare execution versions of the agreements. I will have an answer for you on the interest rate reference for the note tomorrow morning. I just need to confirm internally - nothing contentious.

Olga and I connected earlier this afternoon, so we are on track there.

Thanks,
Sarah
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From: Sarah Harris
To: Kelly Listoe
Subject: Re: IESO Amendments
Date: Friday, April 28, 2017 8:17:51 AM

Hi Kelly,

I won't be on the office until 9. Could you please peak at the Note from my email yesterday, and if it looks weird, could you please ask Anis to fix it. If it looks fine, could you please resend?

Thanks,
Sarah

On Apr 28, 2017, at 8:10 AM, Victor Buza <Victor.Buza@ieso.ca> wrote:

> Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.
>
> Thanks
>
> Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is

set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.
2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.

3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,

Victor

416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]

Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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From: Salman Qadir
To: Lisa Stein
Cc: Sarah Harris; Kelly Listoe; Shajee Kathirgamanathan
Subject: Re: IESO Concern re: "Market Renewals Program
Date: Wednesday, April 26, 2017 12:04:57 PM

Sorry for another email.

We don't usually send out directives as they are an internal approval between OEFC/MOF.

Sent from my iPhone

On Apr 26, 2017, at 12:02 PM, Salman Qadir <Salman.Qadir@ofina.on.ca> wrote:

> Hi Sarah/Lisa,
>
> What you have proposed is fine.
>
> The only reason to single out market renewals program was to ensure the agreement can be used for that purpose but if in fact IESO is including that under "corporate requirements", I don't see it as being issue to remove the language.
>
> I would, however, ask that we somehow track which advances, if any, would be related to the market renewals program, possibly by way of the borrowing notice to state "for corporate requirements and specifically for market renewals program" if for that specific purpose. Hoping it doesn't cause concerns.
>
> The reason being that market renewals program is a capital expense program and we would want any advances related to it be termed out into the loan facility, should there be any, at the den of the 3 year term.
>
> I'm in transit at the moment and should be in shortly.
>
> Salman
>
> Sent from my iPhone
>
> On Apr 26, 2017, at 11:13 AM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:
>
> > Thank you for summarizing this matter, Sarah. I also note a few things:
> > - we have removed the word "temporary" before "funding" in the recital to the agreement noted below.
> > - IESO counsel has explained to me that costs related to the market renewal program would include capital costs such as IT equipment.

<!--[if !supportLists]-->- <!--[endif]-->IESO has excluded borrowing for liquidity requirements from its definition of “IESO Corporate Requirements”.

Lisa

From: Sarah Harris
Sent: Wednesday, April 26, 2017 11:02 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: IESO Concern re: "Market Renewals Program
Importance: High

Hello All,

Lisa and I discussed a concern expressed by IESO’s counsel yesterday regarding the reference of “costs related to the market renewals” program in the second recital of the attached amending agreement.

> ***AND WHEREAS*** *IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein)* **and costs related to the market renewals program**;

The wording of the Directive states,

IESO in the draft amending agreement defines “IESO Corporate Requirements” to mean any borrowing authorized by O. Reg. 280/14. IESO’s counsel has stated that the market renewals program requirements would be authorized under O. Reg 280/14.

We would propose changing the second recital to incorporate ‘market renewal program’ under IESO Corporate Requirements, such that the second recital would read:

> ***AND WHEREAS*** *IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein)* ~~and costs related to the market renewals program~~;

SALMAN: Is there any reason this **cannot** be done? i.e. was there a specific reason for singling out “costs related to the market renewals program” in the Directive? As a note, IESO’s counsel asked to see the Directive. I am unsure whether in drafting the directive, if they ever would have gotten a copy, or if they typically would?

Lisa has schedule a meeting a 1 p.m. to discuss this. Lisa, since this seems to be the only outstanding issue (we are fine with the suggestions discussed on the other draft), that it may only be necessary for you and Salman to let us know if the proposed solution above is acceptable. We are available to discuss if I have not reflected the issue accurately.

Thanks,
Sarah

From: William Tan
To: Sarah Harris
Subject: Re: IESO_OFA FEP 2017 Credit Letter
Date: Thursday, June 08, 2017 8:32:55 AM

Good morning Sarah,

The transit is running slow this morning. I haven't been waiting for a bus for 15 mins now. I'll be there for 930.

On Jun 7, 2017, at 9:30 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hi Sarah,
>
> Question for you. I understand that advances in this agreement have a minimum of 7 days and a maximum of 95 days in length. In my mind the advances are fairly short and will mature fairly quickly. However, according to the proposed FHP OIC materials it indicates a maturity of Dec 31, 2047. I left some comments in the draft as well. We can discuss this in the morning.
>
> Also, may I come in an hour later as I stayed late to work on this.
>
> Thanks,
>
> Will
>
> ---
>
> **From:** Sarah Harris
> **Sent:** Wednesday, June 07, 2017 1:05 PM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: IESO_OFA FEP 2017 Credit Letter
>
> Thanks, Will.
>
> Sounds good.
>
> Sarah
>
> ---
>
> **From:** William Tan
> **Sent:** Wednesday, June 07, 2017 1:04 PM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Subject:** RE: IESO_OFA FEP 2017 Credit Letter
>
> Hi Sarah,
>
> I believe I can get you a draft end of day today or tonight. I don’t have anything

particularly pressing right now to pass along.

From: Sarah Harris
Sent: Wednesday, June 07, 2017 12:36 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter

HI Will,

On Monday, you initially mentioned that you thought you could provide a draft of the new credit facility today, but some things have gotten in the way. Please let me know what is on your plate (might be coming up) so I can re-delegate if needed. As mentioned, the credit facility is a high priority item which is time sensitive as it must be in place by June 30, and it must be vetted through OFA legal and negotiated with IESO.

Are you able to get provide a draft by tomorrow at 11 a.m.?

Also, please let me know if you have any questions or require any guidance on any points – if you feel it may be beneficial for me to review your draft to this point, I would be happy to do so.

Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:23 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

Hi Will,

I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.

Please take a look at the attached letter, and we can discuss tomorrow.

Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

FYI.

Why it was sent to me directly, no idea.

Salman

From: Georgia Ritchie-Wust [mailto:georgia.ritchie-wust@ieso.ca]
Sent: Friday, May 12, 2017 2:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter

Hi,

At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.

If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca

Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
Postal Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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.....(Aristotle)

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<FHP_IESO_OPA Original Credit Agreement (DRAFT).docx>

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Date: Thursday, June 08, 2017 8:32:55 AM

Good morning Sarah,

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> Question for you. I understand that advances in this agreement have a minimum of 7 days and a maximum of 95 days in length. In my mind the advances are fairly short and will mature fairly quickly. However, according to the proposed FHP OIC materials it indicates a maturity of Dec 31, 2047. I left some comments in the draft as well. We can discuss this in the morning.
> Also, may I come in an hour later as I stayed late to work on this.
> Thanks,
> Will
>
> ---
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> **Sent:** Wednesday, June 07, 2017 1:05 PM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: IESO_OFA FEP 2017 Credit Letter
> Thanks, Will.
> Sounds good.
> Sarah
>
> ---
>
> **From:** William Tan
> **Sent:** Wednesday, June 07, 2017 1:04 PM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Subject:** RE: IESO_OFA FEP 2017 Credit Letter
> Hi Sarah,
> I believe I can get you a draft end of day today or tonight. I don’t have anything particularly pressing right now to pass along.
>
> ---
>
> **From:** Sarah Harris
> **Sent:** Wednesday, June 07, 2017 12:36 PM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: IESO_OFA FEP 2017 Credit Letter
> HI Will,
> On Monday, you initially mentioned that you thought you could provide a draft of the new credit facility today, but some things have gotten in the way. Please let me know what is on your plate (might be coming up) so I can re-delegate if needed. As mentioned, the credit facility is a high priority item which is time sensitive as it must be in place by June 30, and it must be vetted through OFA legal and negotiated with IESO.

Are you able to get provide a draft by tomorrow at 11 a.m.?
Also, please let me know if you have any questions or require any guidance on any points – if you feel it may be beneficial for me to review your draft to this point, I would be happy to do so.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:23 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter
Hi Will,
I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.
Please take a look at the attached letter, and we can discuss tomorrow.
Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter
FYI.
Why it was sent to me directly, no idea.
Salman

From: Georgia Ritchie-Wust [mailto:georgia.ritchie-wust@ieso.ca]
Sent: Friday, May 12, 2017 2:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter
Hi,
At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.
If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca
Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
Postal Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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…..(Aristotle)

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From: Sarah Harris
To: William Tan
Subject: Re: OFHP IESO OFA Credit Facility Agreement
Date: Thursday, June 22, 2017 9:02:28 AM

Hi Wil,

I don't have my laptop so can't check versions.

You would have all of my copies though.

What I was showing you yesterday was my first set of comments that I had sent to you so you could under the nature of their inclusion, so that you would be able to answer any of Lisa's questions. You don't need to send it to her, unless you guys decide to take out all references to subsidiary in which case, you will know where to make all the deletions.

Regardless, when Lisa sends back her comments you would need to integrate my lane or comments which I included in my email to both you and Lisa. That is, the draft where I included including "the" in front of every " IESO" and "OFA". I think I mentioned 4 changes in the cover email that I made, which also included changing the recitals. I know that Lisa would have made some of these changes already in the draft that she will be sending back to you; you would need to make any remaining changes in the draft that she sends back to you.

Thanks,
Sarah

Sent from my iPhone

On Jun 22, 2017, at 8:21 AM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hi Sarah,
>
> I wasn't sure if you intended send me a copy of your proposed changes we discussed for version 4. Just a reminder to send me one if you did intend to.
>
> Best regards,
>
> **Will Tan**| *Documentation & Analysis Specialist*
> Capital Markets Division | Ontario Financing Authority
> 1 Dundas Street West, Suite 1400
> Toronto, Ontario M5G 1Z3, CANADA
> Tel. (416) 325-8090 | Fax: (416) 860-8346
> william.tan@ofina.on.ca
>
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From: Whitfield, Tobias P. (MOF)
To: Sarah Harris; Lisa Stein
Cc: William Tan
Subject: Re: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Friday, June 23, 2017 8:37:30 AM

Thanks. I will review this in the am and get comments to you asap.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Sarah Harris
Sent: Friday, June 23, 2017 1:06 AM
To: Stein, Lisa (OFA)
Cc: Whitfield, Tobias P. (MOF); Tan, William (OFA)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc

Hi Lisa,

Thanks very much for your draft.

Please find attached our comments and changes (including simplifying the comments). For your reference, I've also done a pure blackline comparison against your last version.

We've accepted a lot of your changes and highlight the following remaining issues and changes:

- "Subsidiaries" - we would like to include all references to subsidiaries, as it was deliberately included in the other 2010 IESO-OEFC Credit Facility. We've also included the definition of "Material Subsidiary", which should have been included, as it was in the 2010 Credit Facility

- (ACTION REQUIRED - TOBY) Section 2.2 – Changes accepted, however, Toby to confirm Reg. 280/14 reference? Also, IESO to confirm reference to "short to medium" term.

- (ACTION/DECISION REQUIRED -LISA) Section 3.3 – Does this language actually need to be amended any further? It was based on the language of amending agreement #9 of the original $975m OPA-OFA Credit Facility agreement.

- Section 3.5 – Included the words "a Material Subsidiary" in respect of the MAC clause, per your suggestion

- Original Section 4.1 – Deleted section per your comment, as it is redundant. Section 4 numbering has been re-numbered along with any corresponding references in the agreement.

- "New" Section 4.1 – Keep reference to 7.1, as we prefer to keep this reference, which was also in 2010 IESO-OEFC Credit Facility

- (DECISION REQUIRED – LISA/SARAH) Newly renumbered Section 4.2 – Maintenance of Properties – Would like to discuss with you directly, as this is a little ambiguous role of OFA vs. Province.

- Newly renumbered Section 4.7 – Have included timeframe as “promptly”, per you suggestion of a timeframe

- Original Section 5.1(c) – deleted section as was redundant and referenced the now deleted original section 4.1 (per above). As a result of deletion, references (d), (e), (f), (g), and (h) under section 5.1 have been renumbered

- Section 7.1 –We would like to include section, as it was included in 2010 OEFC-IESO credit facility. Corresponding reference in Section 4.1 should be kept.

I note below that you requested that we do another Documentation/OFA Legal turn before review by LSB, but given the urgent timeframe, and the very few remaining material issues, I thought it prudent to let Toby view what is a relatively final form in substance, so he can flag any major issues from an FHP perspective. Since the agreement must be executed by end of next week and IESO has not yet seen the draft, I am hoping we can strive to get this to IESO by end of day (Friday) to allow sufficient time for IESO to review and provide comments on the draft ASAP early next week..

Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, June 22, 2017 11:17 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Importance: High

Hi Sarah and William,

Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I’ve identified that require further drafting/consideration.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Sarah Harris
To: William Tan
Subject: Re: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Thursday, June 22, 2017 1:54:26 PM

Thanks, Will. Re: the definition of Material Subsidiary, I think I didn't include it from the 2010 ieso OEFC credit facility agreement, and to make any sense in this agreement, the definition should be included. Still, discuss with Lisa and make a decision on whether to include any mention of subs. I'm agnostic but included it because the decision was made to include it last time

Sent from my iPhone

On Jun 22, 2017, at 12:50 PM, William Tan <William.Tan@ofina.on.ca> wrote:

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> Please find the attached printed version which includes Lisa's comments.
>
> **From:** Sarah Harris
> **Sent:** Thursday, June 22, 2017 12:22 PM
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> **Subject:** Fwd: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
> Hi Will,
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> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> > **Date:** June 22, 2017 at 11:17:03 AM EDT
> > **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>, William Tan <William.Tan@ofina.on.ca>
> > **Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc**
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> > ***Lisa N. Stein***
> > Legal Counsel
> > Ontario Financing Authority
> > 416-325-2320
> > **********

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<20170622125846482.pdf>

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<20170622125846482.pdf>

From: Whitfield, Tobias P. (MOF)
To: Sarah Harris; Lisa Stein
Cc: William Tan
Subject: Re: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Friday, June 23, 2017 8:37:30 AM

Thanks. I will review this in the am and get comments to you asap.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Sarah Harris
Sent: Friday, June 23, 2017 1:06 AM
To: Stein, Lisa (OFA)
Cc: Whitfield, Tobias P. (MOF); Tan, William (OFA)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc

Hi Lisa,

Thanks very much for your draft.

Please find attached our comments and changes (including simplifying the comments). For your reference, I've also done a pure blackline comparison against your last version.

We've accepted a lot of your changes and highlight the following remaining issues and changes:

- "Subsidiaries" - we would like to include all references to subsidiaries, as it was deliberately included in the other 2010 IESO-OEFC Credit Facility. We've also included the definition of "Material Subsidiary", which should have been included, as it was in the 2010 Credit Facility

- (ACTION REQUIRED - TOBY) Section 2.2 – Changes accepted, however, Toby to confirm Reg. 280/14 reference? Also, IESO to confirm reference to "short to medium" term.

- (ACTION/DECISION REQUIRED -LISA) Section 3.3 – Does this language actually need to be amended any further? It was based on the language of amending agreement #9 of the original $975m OPA-OFA Credit Facility agreement.

- Section 3.5 – Included the words "a Material Subsidiary" in respect of the MAC clause, per your suggestion

- Original Section 4.1 – Deleted section per your comment, as it is redundant. Section 4 numbering has been re-numbered along with any corresponding references in the agreement.

- "New" Section 4.1 – Keep reference to 7.1, as we prefer to keep this reference, which was also in 2010 IESO-OEFC Credit Facility

- (DECISION REQUIRED – LISA/SARAH) Newly renumbered Section 4.2 – Maintenance of Properties – Would like to discuss with you directly, as this is a little ambiguous role of OFA vs. Province.

- Newly renumbered Section 4.7 – Have included timeframe as “promptly”, per you suggestion of a timeframe

- Original Section 5.1(c) – deleted section as was redundant and referenced the now deleted original section 4.1 (per above). As a result of deletion, references (d), (e), (f), (g), and (h) under section 5.1 have been renumbered

- Section 7.1 –We would like to include section, as it was included in 2010 OEFC-IESO credit facility. Corresponding reference in Section 4.1 should be kept.

I note below that you requested that we do another Documentation/OFA Legal turn before review by LSB, but given the urgent timeframe, and the very few remaining material issues, I thought it prudent to let Toby view what is a relatively final form in substance, so he can flag any major issues from an FHP perspective. Since the agreement must be executed by end of next week and IESO has not yet seen the draft, I am hoping we can strive to get this to IESO by end of day (Friday) to allow sufficient time for IESO to review and provide comments on the draft ASAP early next week..

Thanks,
Sarah

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From:	Rundans, Patrick (MOF)
To:	Bruno Amara
Cc:	John Kim; Salman Qadir; Sarah Harris; Gavin He
Subject:	Re: OIC s22 CIPA - OFA-IESO
Date:	Wednesday, May 31, 2017 12:41:54 PM

I will get the translators to confirm.

Sent with BlackBerry Work (www.blackberry.com)

From: [Bruno Amara <Bruno.Amara@ofina.on.ca>]
Sent: May 31, 2017 12:12 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: OIC s22 CIPA - OFA-IESO]
Cc: ["Kim, John (OFA)" <John.Kim@ofina.on.ca>, Salman Qadir <Salman.Qadir@ofina.on.ca>, "Harris, Sarah (OFA)" <Sarah.Harris@ofina.on.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>]

Hi Patrick

Apologies, regarding the French translation. 1) I had updated using my high school French and 2) in the translation I had missed updating the change in date from June to December 31, 2017. I have revised in attached "4 – CIPA s.22…" , but of course, this should be reviewed.

Thanks
Bruno

From: Bruno Amara
Sent: Wednesday, May 31, 2017 10:56 AM
To: Patrick Rundans (MOF) <Patrick.Rundans@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Patrick

Per Salman's email attached are the revised materials. Note the amount changed to $2B per Salman's email, but also further direction to change repayment date to December 31, 2047. Let me know if you have any questions/concerns.

Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca<mailto:bruno.amara@ofina.on.ca>

From: Rundans, Patrick (MOF) [mailto:Patrick.Rundans@ontario.ca]
Sent: Tuesday, May 30, 2017 5:51 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca<mailto:Salman.Qadir@ofina.on.ca>>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
Subject: RE: OIC s22 CIPA - OFA-IESO

Will do Salman.

Patrick Rundans
Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch

T: 416-212-4538
F: 416-325-1460

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From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 30, 2017 5:36 PM
To: Rundans, Patrick (MOF)
Cc: Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: OIC s22 CIPA - OFA-IESO

Hi Patrick,

As the OIC package was going through our OFA approvals, we have now been directed that the OIC amount should be $2.0 billion, with an expiry date of June 30, 2047, to line up with the IESO request and the term of the FHP.

I'll recirculate the updated LRC package once I get a finalized version in place. Could we update the OIC to reflect this as I know it may take some time.

Let us know.

Thank you,
Salman

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From: Salman Qadir
To: Sarah Harris; Patrick Rundans (MOF)
Cc: Shajee Kathirgamanathan; Bruno Amara
Subject: Re: OIC s22 CIPA - OFA-IESO
Date: Thursday, May 25, 2017 3:06:24 PM

Hi Sarah,

Thanks for this. DMO is aware and we now have a tracking number: OICNA-13188.

Since we have a tracking number, can this wait a few days? I note that Gadi is away this week anyways (Ron is acting) and DMO is aware of this. I assume if its okay with DMO, we can wait?

Thanks,
Salman

From: Sarah Harris
Sent: Thursday, May 25, 2017 2:16 PM
To: Salman Qadir; Patrick Rundans (MOF)
Cc: Shajee Kathirgamanathan; Bruno Amara
Subject: RE: OIC s22 CIPA - OFA-IESO

Hi Salman and Patrick,

I was sick yesterday and did not have the opportunity to comment on the drafts. Please see my comments, attached.

Patrick – my understanding (through Dimitri working on the other OFA OIC for name changes) is that the materials for the June 27th LRC are due to be delivered to the DMO office by EOD tomorrow. Is this your understanding? Salman – if this is the case, this OIC package will need to be signed by Gadi tomorrow and delivered to Patrick tomorrow for LSB's sign-off as well (Patrick I'm assuming you would be delivering the package).

Salman, you'll also have to make sure that a) the item has been entered into EVISTA by the DMO and you have the EVISTA number and 2) that you have made them aware that the package is coming. To that point, you should also coordinate with Anna in Gadi's office to let her know that you will have package for signing by Gadi and to confirm his availability. You'll need a covering blue sign-off sheet. Let me know if you need some of the 'special blue paper' for printing.

Finally, on the LRC approval form, you can insert the following as the Policy Advisor at the DMO: DMO contact: Jonathan Tekle 416-325-8736. You should be able to touch base with Jonathan to confirm the following information for your LRC Approval Form:

Cabinet Office Policy	[name] [title] Cabinet Office	

Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 5:16 PM
To: Sarah Harris ; Patrick Rundans (MOF)
Cc: Shajee Kathirgamanathan ; Bruno Amara
Subject: OIC s22 CIPA - OFA-IESO

Hi Sarah/Patrick,

For your review, attached is the revised LRC note and draft memos. We've also asked DMO to let us know about timeline and obtaining an EVISTA number for this.

I'm not in the office rest of the week but will have limited access to my emails, but please do cc' Shajee and Bruno on emails in case there is something urgent.

Will keep you posted on any further developments.

Thank you,

Salman

From:	Rundans, Patrick (MOF)
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Subject: RE: OIC s22 CIPA - OFA-IESO

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Counsel
Ministry of the Attorney General
Ministry of Finance, Legal Services Branch

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From: Rundans, Patrick (MOF)
To: Sarah Harris
Cc: Salman Qadir
Subject: Re: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 2:12:40 PM

Hi Sarah,

I'll take a closer look and will let you know asap. I think we amended all CIPA OIC's back in 2012 to include this provision so I'll see if we have briefing materials. I think It's handled in the directive but will confirm.

Patrick

Sent with BlackBerry Work (www.blackberry.com)

From: [Sarah Harris <Sarah.Harris@ofina.on.ca>]
Sent: May 30, 2017 2:01 PM
To: ["Rundans, Patrick (MOF)" <Patrick.Rundans@ontario.ca>]
Subject: [FW: Question - OIC for new IESO Credit Facility]
Cc: [Salman Qadir <Salman.Qadir@ofina.on.ca>]

Hi Patrick,

I just wanted to ask you a question, please, for my own knowledge, regarding section (c)(ii) of the OIC. The OIC states:

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

In relation to the above highlighted section, how would the 'Minister' specify the amount to be deducted? Unlike the two existing OICS (attached) the OFA uses for lending to 3rd parties which overtly specify the rates, our draft OIC provides discretion to the Minister. I'm not aware of how/if the Minister's authority to determine the amount to be deducted has somehow been delegated to the OFA (perhaps this is a question for Sarah Neville?), or would this be included in the Minister's directive for the credit facility?

Thanks,

Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to the 90 day ONT T-Bill yield. Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,
Sarah

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From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to the 90 day ONT T-Bill yield. Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,
Sarah

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From: Sarah Harris
To: Opal Kandelas
Subject: Revised IESO Request for FHP Credit Facility
Date: Tuesday, May 23, 2017 7:00:01 AM

Hi Opal,

I haven't seen a revised letter from IESO to increase the size of the credit facility. Last week, you showed me a draft on your screen. I am checking with you on the status and whether it has been finalized (or needs to be finalized)?

Thanks,

Sarah

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To: Opal Kandelas
Subject: Revised IESO Request for FHP Credit Facility
Date: Tuesday, May 23, 2017 7:00:01 AM

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Thanks,

Sarah

From: Sarah Harris
To: Lisa Stein
Subject: Saw you were up very late last night too!
Date: Friday, June 23, 2017 10:01:34 AM

Hi Lisa,

While I was preparing my e-mail to you last night around 1 a.m., I saw you had only been logged off for 25 minutes! We should be both commended and chastised!

Anyways, I'm working from home today. Could you please let me know the best time to call you this morning to take a couple of minutes to discuss the following under the Credit Facility Agreement:

> ***Section 4.2 Maintenance of Properties.***
> *The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.2 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.*

Thanks,

Sarah

From:	William Tan
To:	Sarah Harris
Subject:	Update to IESO Credit Agreement History
Date:	Monday, June 19, 2017 1:55:55 PM
Attachments:	History of OPA Amending Agreements.doc

Hello Sarah,

I've comlpletd the IESO Credit Agreement History. Would you like to review it before I send it to Lisa?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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OFA-IESO (Formerly OPA) AMENDING AGREEMENTS

(1) Credit Agreement dated January 1, 2005-proved for $500 million line of credit-provides for repayment dates of 1 month, 2 month or 3 month from the Advance Date; Advances to be made any day prior to November 30, 2006. Mandatory Repayment Date December 31, 2006;

(2) Amending Letter- dated February 14, 2005- Clause 4.7 amended by substituting the word "Agreement" for the word "Services;

(3) Amending Agreement No. 3 dated October 11, 2005-line of credit increased to $975,000,000;

(4) Amending Agreement No. 4 dated September 27, 2006-Mandatory Repayment Date extended from December 31, 2006 to December 31, 2010;

(5) Amending Agreement No. 5 dated July 13, 2007 – amended the Advances to OPA from November 20, 2006 to November 30, 2010; amended date re all interest accrued in Event of Default from December 31, 2006 to December 31, 2010 *(this point added by Karin)*

(6) Amending Agreement No. 6 dated November 9, 2010 – Mandatory Repayment Date extended from Dec 31, 2010 (per Amending Agreement No. 4) to December 31, 2013; Advances to OPA extended to November 30, 2013; amended date in the Event of Default (all interest accrued and amounts owing) from December 31, 2010 (per Amending Agreement No. 5) to December 31, 2013.

(7) Amending Agreement No. 7 dated December 20, 2013 – Mandatory Repayment Date extended from December 31, 2013 to December 31, 2016; Advances to OPA extended to November 30, 2016.

(8) Amending Agreement No. 8 dated December 19, 2014 – OPA and IESO amalgamation pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014*. The new merged entity "IESO" assumes all rights and obligations under the existing OFA - OPA $975 million credit facility agreement.

(9) Amending Agreement No 9 dated November 30, 2016 – Definition update ; References to IESO update, Mandatory Repayment Date extended, Dec 31, 2016 to December 31, 2019; Advances to IESO extended to November 30, 2019; Two business day notice for Advancements,

(10) Amending Agreement No 10 dated July 1, 2017 – line of credit decrease to $475,000,000;
June 19, 2017

A. Pivnick
July 25, 2007

Lenin Alvarez-Bravo
August 17, 2016

Updated William Tan
June 19, 2017

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: Update to IESO OFA Credit Agreement History
Date: Tuesday, June 20, 2017 2:02:56 PM
Attachments: History of IESO OFA Amending Agreements.doc

Hello Lisa,

To assist you in your review of the new OFHP IESO OFA Credit Facility Agreement, I have enclosed/updated the existing IESO OFA Credit Facility Agreement history.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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(10) Amending Agreement No 10 dated July 1, 2017 – line of credit decrease to $475,000,000; June 19, 2017

A. Pivnick
July 25, 2007

Lenin Alvarez-Bravo
August 17, 2016

Updated William Tan
June 19, 2017

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To:	Lisa Stein
Cc:	Sarah Harris
Subject:	Update to IESO OFA Credit Agreement History
Date:	Tuesday, June 20, 2017 2:02:56 PM
Attachments:	History of IESO OFA Amending Agreements.doc

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July 25, 2007

Lenin Alvarez-Bravo
August 17, 2016

Updated William Tan
June 19, 2017

From:	Sarah Harris
To:	William Tan
Subject:	Update to OPA Credit Agreement History
Date:	Wednesday, June 14, 2017 1:02:01 PM
Attachments:	History of OPA Amending Agreements.doc

Hi Will,

Could you please update this list to reflect the inclusion of Amending Agreement 9 as well as the current Amending Agreement 10 you are working on?

Once that is done, please send to Lisa so she has some history, as well as file in Z:\Users\CMB\Documentation\IESO-OPA Merger\ONTARIO POWER AUTHORITY\Credit Agreement .

There is already the existing copy in that file, so you'll have to replace it with your updated version

Thanks,

Sarah

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A. Pivnick
July 25, 2007

Updated: Lenin Alvarez-Bravo
August 17, 2016

From: William Tan
To: Sarah Harris
Subject: Update with the FHP Agreement.
Date: Friday, June 16, 2017 8:49:55 AM

Update with the FHP Agreement.

1. Page number issue – Yesterday I asked Karin (18k expert) for some assistance with Word and how to fix my issue with automated page formatting. She was unable to help after some difficulty. She recommended that I copy each page to a new document and reformat each page. There was possibly some hidden codes that transferred over when I converted the original agreement from PDF to Word format. I copied each page and reformatted each page last night.

2. Grid Note - I noticed the original grid note (portrait style) did not resemble the current grid note available on OLMS. I created a New Grid Note (landscape style) to be included in the agreement. I noticed when I include a landscape document in Word, it effects the proceeding pages to landscape as well. I'm figuring out how to fix this.

3. Cost of funds over 40 days – I discovered that previously Cash Management and Settlements handled the Borrowing Notice requests. Carlos/Trading has taken over this task (thus the confusion of when to use 1 month cost of funds vs 3 month cost of funds.

4. Procedure update – IESO no longer executes the grid note. Borrowing notice is sent to Settlements and Cash Management. The Borrowing Notice is sent to Carlos. Carlos prices the request. Settlements sends the grid note to IESO and the trade is settled.

I will be working on this items today and try my very best to get a copy to Lisa as soon as possible today.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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From: Opal Kandelas
To: Sarah Harris
Subject: follow up from meeting
Date: Tuesday, June 06, 2017 11:45:06 AM

Hi Sarah,
Mike had 2 questions.
1. What is the min and max time for borrowing notices in the IESO agreements? I believe there are also election notices under the agreement as well, so out of an abundance of caution, lets provide that as well.
2. What's the status of being able to charge Metrolinx for work already done so far re: fuel hedging. I think this is something that was being worked on – I thought by Siva- but asking in case you know.
Thanks,
Opal

From: Bruno Amara
To: Sarah Harris
Cc: Salman Qadir
Subject: new IESO credit facility
Date: Wednesday, May 10, 2017 2:09:20 PM

Hi Sarah

I don't believe we've exchange emails yet, but I'm a manager in the Electricity Finance Branch. Salman was updating me on discussions around the OIC for the IESO credit facility. For a start, I want to confirm that, we are proceeding on assumption that the credit facility would be with OFA. We do not have a lot of experience with the whole OIC process, so I was wondering if you could spare a few minutes, at your convenience, to meet with us. . I understand that your office handles OICs, so a quick chat may help guide us on how we can work together on this. I.e., documentation necessary and other process issues.

At the moment we're trying to get the upcoming LRC schedule so that we know what dates we might be working towards. Let us know when you have some time. We could come to your office, or if you prefer we could set up a teleconference.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Kelly Listoe
To: Sarah Harris
Subject: no compensation for advisor
Date: Thursday, March 30, 2017 3:40:24 PM

Hi Sarah
Carlos says they definitely won't be getting even $1. Their benefit is internal knowledge building in advance of what is going on so they may have a better opportunity in getting business from the spv itself.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

From: Kelly Listoe
To: Sarah Harris
Subject: no compensation for advisor
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