MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of November 22, 2017.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Province**")

\- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Financing Entity").

3. The Financing Entity will acquire the Assets periodically from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Province has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG will amend its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Province will subscribe for Class A Shares periodically in accordance with the process set forth in this Agreement and OPG will, in turn, invest these amounts in debt of the Financing Entity.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Financing Entity debt or other purposes as may be approved by the OPG board of directors.

7. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Province commits to fund up to 44% of the total financing required by the Financing Entity, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the funds from the equity received from the Province solely to lend to the Financing Entity to fund the Financing Entity's obligations under the Master Transfer and Servicing Agreement between the IESO and the Financing Entity, and the Act and Regulations.

2. Share Subscription Process

2.1 The Province will subscribe for and purchase Class A Shares from OPG, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Periodically, coincident with the asset acquisitions to be made by the Financing Entity from the IESO under the Master Transfer and Servicing Agreement, OPG will provide notice to the Province of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Province. This notice will be substantially in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, substantially in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees that:

(i) the amount of each equity injection/share subscription will reflect the funding requirements of the Financing Entity acquisitions under the Master Transfer and Servicing Agreement; and

(ii) the Class A Shares will be issued to the Province at a per share price equal to the value of Shareholder's Equity, as determined by the last approved quarterly financial statements of OPG, divided by the aggregate number of issued and outstanding Common Shares and Class A Shares.

2.4 Within five Business Days of receipt of the notice and supporting information described in paragraph 2.2, the Province will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Province, substantially in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Province.

2.6 The first equity injection/share subscription is expected to occur in the fourth quarter of 2017. Equity injections will continue periodically so long as the Financing Entity is purchasing assets and incurring debt obligations, including debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Province in accordance with the Memorandum of Agreement between the Province and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation.

3.3 The Province confirms that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Province as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Province will seek appropriations for the upcoming 3 year period to support the equity injections.

4. Share Redemption Process

4.1 The Province and OPG will agree to the required process for any future redemption by OPG of outstanding Class A Shares before the first share redemption, and in any case no later than 90 Business Days before the effective date of such redemption.

5. Miscellaneous

5.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

Minister of Energy
c/o 6th Floor, 77 Grenville Street
Toronto, ON
M5S 1B3
Attention: Shruti.Talwar
Email: shruti.talwar@ontario.ca

in the case of OPG:

Ontario Power Generation Inc.
Treasury
700 University Avenue
Toronto, Ontario
M5G 1X6
Attention: Vice President, Treasurer
Email: john.s.lee@opg.com

and

Attention: Corporate Secretary
Email: catriona.king@opg.com

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

5.2 Separate Counterparts; Electronic Delivery

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

5.3 Governing Law

This Agreement will be construed in accordance with the laws of the Province of Ontario.

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

MINISTER OF ENERGY

____

ONTARIO POWER GENERATION INC.

By: ______________________
Name:
Title:

By: Ken Hartwick
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

Exhibit A

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC.** (the "**Corporation**")

The undersigned hereby subscribes for [·] Class A Shares of the Corporation at the price of $[·] per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: ____________, 2017

[NTD: "Distribution Date" will be 5 days following the date the Corporation issues the draft subscription form to the Province]

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

By:________________________
Name:
Title:

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

See attached.

Exhibit B

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

Attachment A to Exhibit B of Master Subscription Agreement

Calculation of Equity Injection for

____

[insert applicable timeframe/ dates/period] ("Period")

(A) Purchase Price per Transfer Notice attached:	____________
(B) Percentage Funded by Equity:	____________
(C) Total Equity injection required for Period (A x B):	____________
(D) Class A Share Price pursuant to OPG Financial Statements of [date/period]:	____________
(E) Number of Class A Shares to be issued to Province (C ÷ D):	____________

Exhibit C

FORM OF RECEIPT AND OFFICER'S CERTIFICATE

See attached.

Exhibit C

RECEIPT

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

Ontario Power Generation Inc. ("**OPG**") hereby acknowledges receipt from the Province of $[•] pursuant to the Class A share subscription agreement between OPG and the Province made as of [•], 20•.

DATED •, 20•.

Per:

John Lee
Vice President – Treasurer

Exhibit C continued

CERTIFICATE

of

Ontario Power Generation Inc. ("OPG")

TO: **Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy**

RE: **Class A Share Equity Subscription Agreement dated [•]**

I, John Lee, the Vice President – Treasurer of OPG, certify, without personal liability, that:

1. This certificate is furnished to you in connection with the Class A Share Equity Subscription Agreement dated [•] (the "**Equity Subscription Agreement**") and may be relied on by the addressees above. We have reviewed such books and records of OPG and such other documents and have made such inquiries and investigations as we have considered necessary or appropriate to verify the matters addressed in this certificate. All capitalized terms used but not defined in this certificate have the meanings set out in the Equity Subscription Agreement.

2. Attached hereto as Appendix 1 is a true and complete copy of the Shareholder Register of OPG dated [•] (the "**Shareholder Register**"). The Shareholder Register has not been further amended or supplemented and no resolutions have been passed by the board of directors or the shareholders of OPG to effect any such further amendment or supplement.

* * * * *

DATED: as of the [•] day of [•], 20•.

____

John Lee
Vice President – Treasurer

Exhibit C continued

APPENDIX 1 – Shareholder Register

See attached.

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716