

[Insert DMO Letterhead]

May [DD], 2017

Bruce Campbell
President and CEO
Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1

Dear Mr. Campbell,

Thank you for your letter dated May 1, 2017. The Ministry of Energy recognizes the integral role that the Independent Electricity System Operator (IESO) would play in implementing Ontario's proposed Fair Hydro Plan (the Plan).

In your letter of May 1, 2017, you outlined a number of potential areas of financial risk and risk of liability that the IESO has identified in relation to its proposed role in implementing the Plan. I understand that you are seeking certain assurances from the Province in respect of these risks.

The Ministry of Energy intends to seek the appropriate funding and approvals in order to address the risk that may arise in the event that Ontario Power Generation (OPG) is not able to fund the deferred global adjustment amounts contemplated by the Plan. I assure you that the Ministry of Energy will take the necessary steps to ensure that an insolvency situation would not be created for the IESO and intends to request the necessary funding and approvals in order to provide the IESO the requested formal commitment in this regard.

The Ministry also commits to seeking the necessary approvals to provide the indemnity the IESO is seeking in relation to its role in implementing the Plan.

Lastly, I can confirm that the Ministry is willing to support the IESO in its discussions with the Ontario Financing Authority (OFA) with respect to increasing the IESO's line of credit.

The Ministry is committed to providing the IESO with these assurances in a timely manner and looks forward to working with you.

Sincerely,

Serge Imbrogno
Deputy Minister