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Independent Electricity System Operator
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Toronto, ON M5W 4E5
t 905.403.6900
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TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December 21, 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: $332,000,000.00

Purchase Price: $332,000,000.00

Closing Date: February 21, 2018

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;

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement; and

(iv) 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 9:00am (Toronto time) on the Closing Date referred to above at the offices of Torys LLP, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to:

Bank Account Name: Independent Electricity System Operator

[redacted]

DATED this 8th day of February, 2018.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: K Marshall
____
Kimberly Marshall
VP Corporate Services & CFO

By: ______________________________
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this day of January, 2018.

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

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title: