SECOND AMENDMENT TO THE SECOND AMENDED AND RESTATED DEFAULT FACILITY AGREEMENT

THIS AGREEMENT is made as of the December 20, 2017.

B E T W E E N:

THE TORONTO-DOMINION BANK, a Canadian chartered bank, as administrative agent
(the "**Agent**")

- and -

THE FINANCIAL INSTITUTIONS PARTY HERETO, as lenders
(the "**Lenders**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a not-for-profit corporation without share capital duly organized and continued under Part II of the *Electricity Act*, 1998 of Ontario, as borrower
(the "**Borrower**")

RECITALS:

A. The Agent, the Lenders and the Borrower have entered into an amended and restated default facility credit agreement dated as of April 30, 2009, as amended by the First Amendment dated April 13, 2010, the Second Amendment dated December 30, 2010, the Third Amendment dated March 31, 2011, the Fourth Amendment dated October 3, 2011, and the Fifth Amendment dated March 20, 2013 (the "**Original Credit Agreement**") pursuant to which the Lenders have provided certain credit facilities to the Borrower.

B. The Original Credit Agreement was amended and restated pursuant to the second amended and restated default facility agreement dated April 28, 2017 as amended by the First Amendment dated November 6, 2017 (the "**Credit Agreement**") between, among others, the Agent, the Lenders and the Borrower.

C. The Borrower wishes to make certain amendments to the Credit Agreement and the Lenders have agreed to make such amendments on the terms and conditions provided herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, all capitalized terms not defined herein have the meanings attributed to such terms in the Credit Agreement.

1.2 Headings, etc.

The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

1.3 Governing Law

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

ARTICLE 2
AMENDMENTS

2.1 Amendment to Credit Agreement

Definitions

2.1.1 Section 1.1 of the Credit Agreement is hereby amended:

(a) by adding the following new section 1.1.25 and re-numbering the subsequent subsections in Section 1.1 accordingly:

> 1.1.25 "**Carrying Costs**" has the meaning given to such term in Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017*

(b) by adding the following new section 1.1.50 and re-numbering the subsequent subsections in Section 1.1 accordingly;

> 1.1.50 "**Fair Hydro Security Agreement**" means the security agreement among the Borrower and Fair Hydro Trust dated December 20, 2017 pursuant to which the Borrower grants the security interest described therein to Fair Hydro Trust as security for its obligation to pay the Carrying Costs;

(c) by deleting the word "and" at the end of section 1.1.73.6, replacing the period with a semi-colon and the word "and" at the end of section 1.1.73.7 and by adding the following new section 1.1.73.8 (section reference updated to account for the amendments above) to the definition of "**Permitted Debt**":

1.1.73.8 liabilities of the Borrower relating to the payment of the Carrying Costs during the period beginning on April 1, 2017 and ending on August 31, 2021.

(d) by deleting section 1.1.74.21 (section reference updated to account for the amendments above) and replacing it with the following:

1.1.74.21 any Lien under the *Ontario Fair Hydro Plan Act*, 2017 and the regulations made thereunder arising in connection with the Borrower's role and obligations with respect thereto, including with respect to any amounts collected and held by Borrower in relation to the clean energy adjustment (a term defined in the foregoing Act), or otherwise; and

(e) by adding the following new section 1.1.74.22 (section reference updated to account for the amendments above):

1.1.74.22 Liens arising in connection with the Fair Hydro Security Agreement securing Carrying Costs up to a maximum amount of $1.15 billion, provided that such Liens will cease to be a "Permitted Lien" on August 31, 2021.

Affirmative Covenants

2.1.2 Section 7.1 of the Credit Agreement is hereby amended:

(a) by deleting the "and" at the end of section 7.1.7.4, replacing the period with a semi-colon and the word "and" at the end of section 7.1.7.5 and adding the following new section 7.1.7.6:

7.1.7.6 any actions taken or notices given by the secured party to enforce the Fair Hydro Security Agreement.

Negative Covenants

2.1.3 Section 7.3 of the Credit Agreement is hereby amended:

(a) by deleting the word "and" at the end of section 7.3.9, deleting the period and adding a semi-colon and the word "and" at the end of section 7.3.10 and adding the following new section 7.3.11:

7.3.11 **Fair Hydro Security Agreement.** amend the Fair Hydro Security Agreement or consent to or accept any amendment of the Fair Hydro

Security Agreement, other than any amendment which would not reasonably be expected to be adverse to the Lenders.

ARTICLE 3
CONDITIONS PRECEDENT

3.1 Conditions of Effectiveness

The effectiveness of this Agreement and the amendments provided herein are subject to satisfaction of the following conditions precedent (all of which are for the sole benefit of the Agent and the Lenders and may be waived in whole or in part by the Agent in its sole discretion):

3.1.1 receipt by the Agent of a copy of this Agreement duly executed and delivered by all parties hereto;

3.1.2 the representations and warranties contained in Section 6.1 of the Credit Agreement are true and correct as of the date hereof; and

3.1.3 no Default or Event of Default has occurred and is continuing.

ARTICLE 4
GENERAL

4.1 Credit Agreement in Full Force and Effect

Except as otherwise provided herein, the Credit Agreement shall remain in full force and effect.

4.2 References to Credit Agreement

Each reference to the Credit Agreement in the Credit Agreement or any other document shall be deemed to be a reference to the Credit Agreement.

4.3 Borrower's Representations and Warranties

The Borrower represents and warrants that the representation and warranties contained in Section 6.1 of the Credit Agreement continue to be true and correct as if made on and as of the date hereof except to the extent that such representations and warranties relate specifically to an earlier date, and except as modified by this Agreement.

4.4 No Default

No Default or Event of Default shall have occurred and be continuing nor shall it be reasonably anticipated that there will be any Default or Event of Default.

4.5 Counterparts

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

(Remainder of this page intentionally left blank)

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first written above.

THE TORONTO-DOMINION BANK, as the Agent

By:______________________________
David Manii
Director

By:______________________________
Brendon D'Mello
Director

THE TORONTO-DOMINION BANK, as the Lender

By:______________________________
David Manii
Director

By:______________________________
Brendon D'Mello
Director

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, as the Borrower

By:______________________________

By:______________________________

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first written above.

THE TORONTO-DOMINION BANK, as the Agent

By:______________________________

By:______________________________

THE TORONTO-DOMINION BANK, as the Lender

By:______________________________

By:______________________________

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, as the Borrower

By: K. Marshall

By:______________________________