FIRST AMENDMENT TO THE SECOND AMENDED AND RESTATED DEFAULT FACILITY AGREEMENT

THIS AGREEMENT is made as of the November 6, 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 (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

2.1.1 Section 1.1 of the Credit Agreement is hereby amended:

(a) by deleting section 1.1.71.4 of the definition of "**Permitted Debt**" and replacing it with the following:

1.1.71.4 (i) prior to November 22, 2017, the unsecured indebtedness in the amount of up to Cdn$975,000,000 owed by the Borrower, as successor to Ontario Power Authority, to Ontario Financing Authority pursuant to a credit agreement dated January 1, 2005, as amended pursuant to the amending agreements dated February 14, 2005 (titled, Amending Agreement), October, 11, 2005 (titled, Amending Agreement No.3), September 27, 2006 (titled, Amending Agreement No.4), July 13, 2007 (titled, Amending Agreement No.5), November 9, 2010 (titled, Amending Agreement No.6), December 20, 2013 (titled, Amending Agreement No.7), December 19, 2014 (titled, Amending Agreement No.8), November 30, 2016 (titled, Amending Agreement No. 9) (as amended, the "**OFA Credit Agreement**") and (ii) on and after November 22, 2017, the unsecured indebtedness in the amount of up to Cdn$475,000,000 owed by the Borrower, as successor to Ontario Power Authority, to Ontario Financing Authority pursuant to the OFA Credit Agreement as amended on November 6, 2017 (with an effective date of November 21, 2017) (titled, Amending Agreement No. 10), as such agreement may be further amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time, provided that the amount of such refinancing does not exceed (y) Cdn$975,000,000 prior to November 22, 2017 and (z) Cdn$475,000,000 on and after November 22, 2017;

(b) by adding the following new section 1.1.71.7 to the definition of "**Permitted Debt**":

1.1.71.7 the unsecured indebtedness in the amount of up to Cdn$2,000,000,000 owed by the Borrower to the Ontario Financing Authority pursuant to a credit agreement dated on or about November 6, 2017 as such agreement may be further amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time provided that the amount of such refinancing does not exceed Cdn$2,000,000,000;

(c) by deleting the word "and" at the end of section 1.1.72.19 and adding the word "and" at the end of section 1.1.72.20 and by adding the following new section 1.1.72.21:

1.1.72.21 any Lien arising in connection with the Borrower's role and obligations under the *Ontario Fair Hydro Plan Act, 2017* and the regulations made thereunder, 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;

(d) by deleting section 6.1.2 and replacing it with the following:

6.1.2 **Qualification to Carry on Business.** The Borrower is duly licensed or otherwise qualified to carry on its businesses and own its Property and is in good standing in each of the jurisdictions in which the nature of such businesses transacted by it or the character of the properties and assets owned or leased by it in connection with such businesses require such licensing or qualification and it has full corporate power and capacity to own its Property and to conduct its business as presently conducted, and the Borrower has full corporate power and capacity to execute, deliver and perform its obligations under this Agreement and the Loan Documents and to incur the Obligations. The Borrower does not carry on any business other than; (a) the regulation and administration of the IESO-Administered Markets and the direction of the operation of the IESO-Controlled Grid; and (b) as otherwise permitted and contemplated by the Electricity Act, the *Ontario Fair Hydro Plan Act, 2017* and all other Applicable Laws, and including, in each case, the regulations made from time to time thereunder.

(e) by deleting section 7.3.2 and replacing it with the following:

7.3.2 **Change in Nature of Business.** engage directly or indirectly in any business activity, or purchase or otherwise acquire any properties or assets, in each case unrelated to or unnecessary for the conduct of its present business or make any material change in the nature of its undertaking and business, other than as permitted under and contemplated by the Electricity Act, on the date hereof the *Ontario Fair Hydro Plan Act, 2017* or any other Applicable Law and, in each case, the regulations from time to time made thereunder;

(f) by deleting section 7.3.3 and replacing it with the following:

7.3.3 **Amalgamations, etc**. enter into any transaction (including by way of reorganization, consolidation, amalgamation, liquidation, transfer, sale or otherwise) whereby all or any material portion of the undertaking or Property of the Borrower would become the property of any other Person except with respect to transfers and sales that may be required under the *Ontario Fair Hydro Plan Act, 2017* and the regulations made from time to time thereunder;

(g) by deleting section 7.3.6 and replacing it with the following:

7.3.6 **Disposition of Assets.** Sell, lease, consign or otherwise dispose of, or agree to sell, lease, consign or dispose of, any of the Property of the Borrower outside of the ordinary course of business (whether now owned or hereafter acquired); provided however that there is no restriction (i) on the sale, lease, consignment or disposal of the Smart Metering Assets, or (ii) upon transfers of regulatory assets or rebates paid to a financing trust in each case under the *Ontario Fair Hydro Plan Act, 2017* and the regulations made from time to time thereunder;

(h) by deleting section 7.3.7 and replacing it with the following:

7.3.7 **Non-Arm's Length Transactions.** repay any indebtedness or liabilities owed to, or transfer assets to, or purchase assets from or otherwise enter into any transaction or agreement with, any Affiliate (or any Person which, after the transaction in question becomes effective, would become an Affiliate) except for Permitted Debt referred to in sections 1.1.71.3, and 1.1.71.4 and 1.1.71.7 and any transaction or agreement contemplated by and in compliance with the Market Rules, or the Electricity Act, or the Ontario Energy Board Act, or the *Ontario Fair Hydro Plan Act, 2017* and, in each case, the regulations made from time to time thereunder as applicable;

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 delivery to the Agent of an Officer's Certificate in respect of the Borrower certifying that:

3.1.2.1 the articles, by laws, constating documents or other organizational documents of the Borrower have not been amended or otherwise modified since April 28, 2017;

3.1.2.2 attached thereto are true and correct copies of the resolutions or other documentation evidencing that all necessary action (if any), corporate or otherwise, has been taken by the Borrower to authorize the execution, delivery and performance of this Agreement and any related agreements;

3.1.2.3 attached thereto is a true and correct copy of a certificate of incumbency including sample signatures of officers and directors in respect of the Borrower;

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

3.1.2.5 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:______________________________
Emilia Casado
Vice President, Loan Syndications-Agency

By:______________________________

THE TORONTO-DOMINION BANK, as the Lender

By:______________________________
David Manii
Director

By:______________________________
Matthew Hendel
Managing 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

Kimberly Marshall
VP Corporate Services & CFO

By:______________________________