Draft: January 8, 2018

FAIR HYDRO TRUST

PRIVATE PLACEMENT OF ●% SENIOR NOTES DUE ●, SERIES 2018-1

DUE DILIGENCE QUESTIONS

January [22], 2018 at ● [a./p.]m. (Toronto time)

[redacted]

For the purposes of this due diligence session, references to the "**Issuer**" refer to Fair Hydro Trust, references to "**IESO**" refer to Independent Electricity System Operator, as transferor and servicer, and references to "**OPG**" refer to Ontario Power Generation Inc., as Manager of the Issuer or as Financial Services Manager, as applicable.

The following is a list of questions to be answered on a due diligence call to be held in connection with the private placement (the "**Offering**") of ●% senior notes due ●, Series 2018-1 (the "**Senior Notes**") of the Issuer.

Capitalized terms used but not defined herein have the meanings ascribed to them in the most recent draft of the Confidential Shelf Offering Memorandum (including, for greater certainty, the Investor Presentation appended thereto) (the "**Shelf Offering Memorandum**"), as supplemented by a Term Sheet relating to the Senior Notes (the "**Term Sheet**" and collectively with the Shelf Offering Memorandum, the "**Offering Memorandum**") circulated to the Agents for the purposes of this call.

Due diligence is an ongoing process that will continue until the closing of the Offering and the Agents reserve the right to continue their due diligence after reviewing documents and materials subsequently provided by or obtained from the Issuer, IESO and OPG, and based upon the responses provided to the following questions. Additionally, should any of your answers to the following questions change between the time of this due diligence session and the closing of the Offering, please promptly inform the Agents. This outline of questions is intended to highlight areas for discussion and should not be viewed as exhaustive. The Agents may ask additional or ancillary questions.

Participants

Fair Hydro Trust	**[Ken Hartwick** **John Lee** Lubna Ladak **Leslie Wong**
Ontario Power Generation Inc.	**[Ken Hartwick** **John Lee** Lubna Ladak **Leslie Wong**
Independent Electricity System Operator	●
CIBC World Markets Inc.	Donnie Persaud Andrew Maciel Sunil Adalja
RBC Dominion Securities Inc.	Nur Khan Ian Benaiah Brent Taylor Harman Malhi
Goldman Sachs Canada Inc.	Katrina Niehaus Brian Delaney
●	●
(collectively, the "**Agents**")	
Torys LLP (Counsel to the Issuer and OPG)	Rima Ramchandani Michael Feldman Nina Mansoori Brett Saulnier
Osler, Hoskin & Harcourt LLP (Counsel to the Agents)	Rick Fullerton Michael Innes Amelia Miao

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I. QUESTIONS FOR REPRESENTATIVES OF IESO

A. General

1. Have you read the Offering Memorandum? To the best of your knowledge, does the disclosure in the Offering Memorandum under the headings "The Electricity Industry in Ontario" and "Transferor and Servicer" contain a misrepresentation as defined in applicable Canadian securities laws, or has anything been omitted from such sections of the Offering Memorandum that, in your view, should not be omitted so that a reader is not misled about any aspect of the electricity industry in Ontario or the affairs of IESO which you feel may significantly affect, or would reasonably be expected to have a significant effect, on the market price or value of the Senior Notes?

   (i) For the first part of the question, yes, I have read the Offering Memorandum.

   (ii) For the second part of the question, to the best of my knowledge, the disclosures in the Offering Memorandum under the headings "The Electricity Industry in Ontario" and "Transferor and Servicer" do not contain a misrepresentation and no material omissions have been made.

B. Management and Staffing

1. Are there currently any anticipated departures, changes or additions among the senior management of IESO? Would the departure of any executive officer have a material effect upon IESO's ability to carry out its obligations under the Master Transfer and Servicing Agreement (the "**MTSA**"), the FHPA and the Regulations?

2. Are current IESO staffing levels sufficient, and are staff satisfactorily trained, to carry out IESO's obligations under the MTSA, the FHPA and the Regulations, including without limitation with respect to (i) preparing the Implementation Plan, (ii) monitoring the collection and remittance activities of Electricity Vendors with respect to Clean Energy Adjustments in accordance with the provisions relating thereto in the MTSA, (iii) providing the required forecast information to the OEB as contemplated in Section 8(3) of the Regulations, and (iv) preparing and delivering the Monthly Servicer Reports?

   The IESO's current staffing level is sufficient and such staff are satisfactorily trained to carry out our obligations under the MTSA, the FHPA and the Regulations including the requirements noted in items (i) to (iv) of the question.

3. If there was a significant labour stoppage or dispute, could it affect the ability of IESO to carry out its obligations under the MTSA and its statutory duties under the FHPA and the Regulations? If so, what contingency plans does IESO have in place for these circumstances? Do you foresee any such labour stoppages or disputes?

C. Material Agreements

1. Has IESO defaulted on any of its obligations under any material agreement in a manner that could affect the ability of IESO to carry out its obligations under the MTSA and its statutory duties under the FHPA and the Regulations?

To the best of my knowledge, no.

2. Are you aware of any material agreements, undertakings or understandings relating to IESO which are not disclosed in the Offering Memorandum and may be material in the context of the Offering?

No

D. ***Regulatory Matters***

1. Is IESO aware as to whether any government directives to IESO that would affect IESO are currently being planned or discussed that could affect the ability of IESO to perform its obligations under the MTSA and its statutory duties under the FHPA and the Regulations?

I am not aware of any such government directives.

2. Is IESO aware of any event or occurrence that would entitle any regulatory body to take any action that could affect the ability of IESO to perform its obligations under the MTSA and its statutory duties under the FHPA and the Regulations?

I am not aware of any such event or occurrence.

E. ***Legal Matters***

1. Has IESO contravened, or, to the best of your knowledge, has any governmental or regulatory body alleged that IESO has contravened, any material provision of any act, regulation or relevant legislation or any certificates required under such act, regulation or legislation that could affect the ability of IESO to perform its obligations under the MTSA and its statutory duties under the FHPA and the Regulations?

The IESO has not contravened, and to the best of my knowledge, no governmental or regulatory body has alleged that the IESO has contrived any material provision of any act, regulation or relevant legislation or any certificates required under such act, regulation or legislation that could affect the ability of IESO to perform its obligations under the MTSA and its statutory duties under the FHPA and the Regulations.

2. Please confirm that, to the best of your knowledge, there are no existing or proposed laws or regulations that could have a material impact on IESO's activities or involving IESO that could affect the ability of IESO to perform its obligations under the MTSA and its statutory duties under the FHPA and the Regulations.

I confirm, to the best of my knowledge, that there are no existing or proposed laws or regulations that could have a material impact on IESO's activities or involving IESO that could affect the ability of IESO to perform its obligations under the MTSA and its statutory duties under the FHPA and the Regulations.

3. Are you aware of any regulatory or legislative changes that are currently pending or proposed which, if implemented in their current or proposed form, could have a significant effect upon IESO or the operations of IESO or the method by which IESO carries on

business that could have a material effect on the ability of IESO to perform its obligations under the MTSA and its statutory duties under the FHPA and the Regulations?

I am not aware of any such regulatory or legislative changes that are currently pending or proposed.

F. ***Litigation***

1. Is there any material litigation, claim, arbitration, investigation or other administrative or legal proceeding, whether pending or threatened, involving IESO that could affect the ability of the ability of IESO to perform its obligations under the MTSA, and its statutory duties under the FHPA and the Regulations?

   To the best of my knowledge, I am not aware of any such material litigation, claim, arbitration, investigation or other administrative or legal proceeding, whether pending or threatened.

2. Are there any consents, decrees or judgments under which there are continuing, contingent, potential or actual obligations affecting IESO that could affect the ability of IESO to perform its obligations under the MTSA, and its statutory duties under the FHPA and the Regulations?

   To the best of my knowledge, I am not aware of any such decrees or judgments under which there are continuing, contingent, potential or actual obligations.

G. ***Reporting and Financial Matters***

1. Please describe and discuss: (i) how IESO expects to fund the carrying costs during the Moratorium Period and extending to July 31, 2021 and the expected sources and nature of such funds; (ii) how IESO expects to record, recover and to transfer the Regulatory Asset to the Issuer from time to time; and (iii) how IESO expects to receive and collect the Clean Energy Adjustments and remit to the Issuer following the Moratorium Period? Do you anticipate any difficulties or restrictions with respect to the funding of carrying costs?

   (i) For item (i), the IESO plans to fund the carrying costs through XX.

   (ii) For item (ii), the IESO ..

   (iii) For item (iii),

   (iv) For the last part of the question, …

2. Please discuss the control, accounting and reporting systems that are in place (and any systems that will be put in place in the short term) to assist IESO in discharging its obligations under the MTSA, and its statutory duties under the FHPA and the Regulations, including preparing the necessary Monthly Servicer Reports required by the MTSA.

3. Are these internal control, accounting and reporting systems adequate for the purpose of satisfying the obligations of IESO under the MTSA, the FHPA and the Regulations?

4. Have any auditors or any consultants retained by IESO identified any problems or issues associated with these systems?

   No problems or issues have been identified by any auditors or consultants.

5. Do you anticipate any issues in preparing the Implementation Plan in accordance with the requirements specified in the MTSA?

   No issues are anticipated at this time.

6. Do you anticipate any issues for IESO in providing the Letter of Credit required by the MTSA with respect to Non-Investment Grade Electricity Vendors?

   No issues are anticipated at this time.

7. Please describe the accounting treatment for the sale of the Regulatory Asset to the Issuer from time to time. Have IESO's auditors confirmed that they agree with such treatment?

8. Please confirm that the Issuer will not be consolidated with IESO for accounting purposes. Have IESO's auditors confirmed that they agree with such assessment?

   For the first part of the question, I confirm.

   For the second part of the question, our external auditors have confirmed their concurrence that the IESO will not consolidate the Fair Hydro Trust for accounting purposes.

H. Other

1. Is there any additional information relating to IESO that you are aware of and which you believe should be brought to the attention of the Agents that could be material in the context of the Offering?

II. QUESTIONS FOR TORYS LLP

1. Would each representative of Torys in attendance please state his/her name and position.

2. Have you read the Offering Memorandum?

3. Has anything come to your attention in the course of acting for the Issuer and OPG that would cause you to believe that the Offering Memorandum contains a misrepresentation?

4. Are you aware of any material legal matters current, pending or anticipated affecting the Issuer or OPG which are not disclosed in the Offering Memorandum? Are you aware of any claims or possible claims by or against the Issuer or OPG not disclosed in the Offering Memorandum?

5. Are you aware of any judgment, order or requirement current, pending or anticipated of a court or governmental authority that has not been disclosed in the Offering Memorandum or discussed today?

6. Have you read each of the Program Agreements that are described in the Offering Memorandum? Is the description in the Offering Memorandum of each of such Program Agreements a fair representation of such Program Agreement in all material respects?

7. Is there anything of which you are presently aware that would inhibit your ability to deliver the requisite legal opinions on closing of the Offering covering the usual matters expected of counsel to the Issuer and OPG?