FAIR HYDRO TRUST

PRIVATE PLACEMENT OF
●% SENIOR NOTES DUE MAY 15, 2033, SERIES 2018-1

DUE DILIGENCE QUESTIONS

January 22, 2018 at 9:00 a.m. (Toronto time)

Held via Teleconference
Toll Free (North America): 1-866-862-7871
Local: 416-343-4295
Access code: 3789127#

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 May 15, 2033, 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 Ken Ryfa Sheen Liu Leslie Wong Tyler McAuley Anthea Yao Keegan Tully
Ontario Power Generation Inc.	Ken Hartwick John Lee Ken Ryfa Sheen Liu Leslie Wong Tyler McAuley Anthea Yao Keegan Tully
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
BMO Nesbitt Burns Inc.	●
Scotia Capital Inc.	●
National Bank Financial Inc.	●
TD Securities Inc.	●
Morgan Stanley Canada Limited	●
HSBC Securities (Canada) Inc.	●

Laurentian Bank Securities Inc.	●
Desjardins Securities Inc.	●
Casgrain & Company Limited	●

(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 OPG AND THE ISSUER

A. General

(Questions 1 to 5 in this section are to be answered by each of the representatives of OPG and the Issuer in attendance on the call.)

1. Would each representative of OPG and the Issuer in attendance please state his/her name and position with OPG and/or the Issuer.

2. Have you read the Offering Memorandum?

3. To the best of your knowledge, does the disclosure in the Offering Memorandum contain a misrepresentation as defined in applicable Canadian securities laws?

4. Has anything been omitted from the Offering Memorandum that, in your view, should not be omitted so that a reader is not misled about any aspect of the affairs of the Issuer or OPG or the Offering 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?

5. Are there any significant risk factors or investment considerations regarding the Issuer, OPG or the Senior Notes that are not described or properly described in the Offering Memorandum?

B. Offering of Senior Notes and the Offering Memorandum

1. Have all necessary internal and external approvals required of the Issuer and OPG to proceed with the Offering of Senior Notes and to enter into the Program Agreements and other agreements described in the Offering Memorandum been obtained?

2. Please confirm that the anticipated ratings of the Senior Notes are as follows:

   (a) DBRS Limited: AAA(sf)

   (b) Moody's Investor Services, Inc: Aa2(sf)

3. Please advise as to the status of each of the ratings above (i.e., which ratings have been received to date and whether those ratings are preliminary or final). Are you aware of any anticipated changes in these ratings?

4. To the best of your knowledge, are there any undisclosed material facts concerning OPG, the Issuer or the Offering that when disclosed would reasonably result in a change in the ratings assigned or expected to be assigned to the Senior Notes by the ratings agencies?

5. Please discuss what, if any, impact a downgrade of OPG's, the Province's or IESO's credit ratings would have on the Senior Notes.

6. Please confirm that the Senior Notes will be Approved Obligations under the Change of Law Protection Agreement and OPG has or will deliver the adherence compliance certificate for this Offering of Senior Notes required pursuant to the Change of Law Protection Agreement.

7. Are you aware of any circumstances, not described in the Offering Memorandum, which could limit the ability of the Issuer to repay the Senior Notes in full?

8. Please describe the principles adopted by OPG, as the Financial Services Manager, in preparing the Financing Plan, with reference to how OPG intends to determine whether Funding Obligations should be incurred by the Issuer from time to time.

9. Please describe how the Clean Energy Adjustment amount will be calculated and collected by the Issuer to repay amounts owing on the Senior Notes on their Principal Payment Date. What are the principal risks that could lead to the Clean Energy Adjustment not being collected and how will the Issuer mitigate these risks?

10. Please describe the expected amounts to be funded by OPG by its subscription for subordinated notes and junior subordinated notes of the Issuer concurrently with this Offering of Senior Notes or otherwise, and the source and nature of those funds.

11. Are the operations and activities of OPG (in its capacity as Financial Services Manager under the FHPA and the Regulations and as Manager of the Issuer) fully and accurately described in the Offering Memorandum?

12. Are all relevant facts relating to the relationship between the Issuer and OPG fully and accurately described in the Offering Memorandum?

13. Are there any conflicts of interest in any transaction or potential transaction that may involve the Issuer and OPG that relate to the Issuer or the proposed Offering that is not disclosed in the Offering Memorandum?

14. Are you aware of any operational or regulatory issues that could affect the ability of OPG to carry out its obligations as Manager, or as Financial Services Manager, under the applicable Program Agreements or in connection with its statutory duties under the FHPA and the Regulations?

15. How would you characterize the relationship between the Issuer, OPG and the Province and to what extent do you see the Province playing a role in or having an influence on the Issuer's or OPG's strategy with respect to the incurrence of Funding Obligations or other similar matters? Have there been, or are there likely to be, any material disputes between the Issuer, OPG and the Province that could affect the ability of the Issuer to perform its obligations under the Program Agreements or the ability of OPG to carry out its obligations as Manager, or as Financial Services Manager, under the applicable Program Agreements or in connection with its statutory duties under the FHPA and the Regulations, or that could trigger a Protection Event?

II. QUESTIONS FOR REPRESENTATIVES OF OPG

A. Management and Staffing

1. Please describe OPG's experience managing SPE financing programs similar to this program. Does OPG expect any difficulties in performing its duties and obligations as Manager, or as Financial Services Manager, under the applicable Program Agreements or its statutory duties under the FHPA and the Regulations

2. Are there currently any anticipated departures, changes or additions among the senior management of OPG? Would the departure of any executive officer have a material effect upon OPG's ability to carry out its obligations as Manager, or as Financial Services Manager, under the applicable Program Agreements or in connection with its statutory duties under the FHPA and the Regulations?

3. Are current OPG staffing levels sufficient, and are staff satisfactorily trained, to carry out OPG's roles as Manager and Financial Services Manager, including, without limitation, (i) its obligations under the Management Agreement with respect to preparing the Implementation Plan and conducting the necessary review of the records of Electricity Vendors, and (ii) its obligations as Financial Services Manager under the FHPA and the Regulations to (A) prepare the Financing Plan, and (B) determine the Clean Energy Adjustment (inclusive of any True Up Amount)?

4. If there was a significant labour stoppage or dispute, could it affect the ability of OPG to carry out its obligations as Manager, or as Financial Services Manager, under the applicable Program Agreements or in connection with its statutory duties under the FHPA and the Regulations? If so, what contingency plans does OPG have in place for these circumstances? Do you foresee any such labour stoppages or disputes?

B. Material Agreements

1. Has OPG defaulted on any of its obligations under any material agreement, including the Change of Law Process Agreement or any Program Agreement, in a manner that could

affect the ability of OPG to carry out its obligations as Manager, or as Financial Services Manager, under the applicable Program Agreements or in connection with its statutory duties under the FHPA and the Regulations?

2. Are you aware of any material agreements, undertakings or understandings relating to OPG (in relation to its role as Manager or as Financial Services Manager under the FHPA) which are not disclosed in the Offering Memorandum and may be material in the context of the Offering?

C. ***Regulatory Matters***

1. Is OPG aware as to whether any government directives to the OEB or IESO that would affect OPG are currently being planned or discussed that could affect the ability of the Issuer to perform its obligations under the Program Agreements or the ability of OPG to carry out its obligations in relation to the Issuer or its statutory duties under the FHPA and the Regulations?

2. Is OPG aware of any event or occurrence that would entitle any regulatory body to take any action that could affect the ability of the Issuer to perform its obligations under the Program Agreements or the ability of OPG to carry out its obligations as Manager, or as Financial Services Manager, under the applicable Program Agreements or in connection with its statutory duties under the FHPA and the Regulations?

D. ***Legal Matters***

1. Has OPG contravened, or, to the best of your knowledge, has any governmental or regulatory body alleged that OPG 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 the Issuer to perform its obligations under the Program Agreements or the ability of OPG to carry out its obligations as Manager, or as Financial Services Manager, under the applicable Program Agreements or in connection with 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 OPG's activities or involving OPG that could affect the ability of the Issuer to perform its obligations under the Program Agreements or the ability of OPG to carry out its obligations as Manager, or as Financial Services Manager, under the applicable Program Agreements or in connection with its statutory duties under the FHPA and the Regulations that have not been discussed in the Offering Memorandum or that could cause a Protection Event.

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 the Issuer, OPG or the operations of OPG or the method by which OPG carries on business that could have a material effect on the ability of the Issuer to perform its obligations under the Program Agreements, or the ability of OPG as Manager, or as Financial Services Manager, to perform its obligations under the applicable

Program Agreements or in connection with its statutory duties under the FHPA and the Regulations?

E. ***Litigation***

1. Is there any material litigation, claim, arbitration, investigation or other administrative or legal proceeding, whether pending or threatened, involving OPG that could affect the ability of the Issuer to perform its obligations under the Program Agreements or the ability of OPG to carry out its obligations as Manager, or as Financial Services Manager, under the applicable Program Agreements or in connection with its statutory duties under the FHPA and the Regulations?

2. Are there any consents, decrees or judgments under which there are continuing, contingent, potential or actual obligations affecting OPG that could affect the ability of the Issuer to perform its obligations under the Program Agreements or the ability of OPG to carry out its obligations as Manager, or as Financial Services Manager, under the applicable Program Agreements or in connection with its statutory duties under the FHPA and the Regulations?

F. ***Reporting and Financial Matters***

1. 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 OPG in discharging (i) its obligations as Manager, including without limitation preparing the necessary Monthly Portfolio Reports required by the Management Agreement and providing the payment instructions required by the Trust Indenture, and (ii) its statutory obligations as Financial Services Manager under the FHPA and the Regulations.

2. Are these internal control, accounting and reporting systems adequate for the purpose of satisfying the obligations of OPG, as Manager and Financial Services Manager?

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

4. Please describe OPG's and the Issuer's relationship with its auditors. Are there currently, or have there been, any material disagreements between OPG, the Issuer and its auditors with regard to accounting policies, internal controls or reporting systems of OPG or the Issuer that have not been resolved?

5. What controls are in place to keep the assets of the Issuer separate from OPG's own assets?

6. Do you anticipate any issues in preparing the Implementation Plan in accordance with the requirements specified in the Management Agreement?

7. Please confirm the accounting treatment of the Trust with respect to OPG. Have OPG's auditors confirmed in writing to OPG that they are in agreement with this treatment.

G. ***Other***

1. Is there any additional information 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?

III. 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?

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?

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?

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?

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?

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?

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?

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.

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?

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?

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?

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?

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?

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

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?

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?

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?

IV. 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?