MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

- and -

■
as Indenture Trustee

Dated as of ■, 2017

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EXHIBIT

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a **[trust/corporation] [formed/incorporated]** under the laws of the Province of Ontario

(the "**Issuer**")

\- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

\- and -

[INDENTURE TRUSTEE], a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account and has a statutory right to record amounts and recover the balance of the Fair Hydro Variance Account from Specified Consumers (such rights comprising a "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer a specified portion of the Regulatory Asset to the Issuer on a fully-serviced basis and such Transfer shall result in (i) a reduction in the balance in the Fair Hydro Variance Account, (ii) the corresponding adjustment of the Regulatory Asset, and (iii) the acquisition by the Issuer of an Investment Interest corresponding to the specified portion of the Regulatory Asset;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer desires to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Administrative Services Agreement**" means the administrative services agreement dated ■, 2017 between the Administrative Agent and the Issuer concerning the administration of the Issuer;

"**Administrative Agent**" means OPG, in its capacity as administrative agent of the Issuer;

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" means the amount that is payable by Specified Consumers in respect of each month in a Reference Period as determined by the Financial Services Manager in accordance with the Act and the Regulations;

"**Closing Date**" means the date on which a Transfer is completed as specified in the applicable Transfer Notice;

"**Collection Account**" has the meaning ascribed thereto in Section **[8.02(a)]**[1] of the Indenture;

"**Co-Owner Agreement**" means any agreement between the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection **[29(5)]** of the Act;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at ■; Telephone: ■; email: ■, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice;

"**Daily Remittance Event**" means ■ **[NTD: Definition to be tied to the loss of investment grade ratings of the IESO]**;

["Declaration of Trust" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;][2]

"**Electricity Act**" means the *Electricity Act, 1998*, SO, 1998;

"**Electricity Vendor**" has the meaning ascribed to it in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

1 All cross-references to the Indenture to be conformed to the final version of the Indenture.

2 To be included if financing entity is a trust.

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to subsection **[24(1)]**[3] of the Act;

"**Financial Services Management Agreement**" means the financial services management agreement dated ■, 2017 between the Financial Services Manager, the Issuer and, pursuant to joinder agreements as contemplated by the Co-Owner Agreement, any other Financing Entities that may be established and acquire Investment Interests;

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the Act to administer the Investment Interests of the Issuer and any other Financing Entities and perform such other duties assigned to it thereunder;

"**Financing Entity**" has the meaning ascribed to it in the Act;

"**Funding Obligations**" has the meaning ascribed to it in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the Electricity Act;

"**IESO Deferral**", at any time, means the amount for each calendar month determined by the IESO under subsection **[23(1)]** of the Act and recorded by the IESO under subsection **[24(1)]** of the Act in the Fair Hydro Variance Account at such time;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.8;

"**IESO Segregated Account**" means the account established under Section 3.3(a)

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution.

"**Eligible Institution**" means:

(a) At any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) At any on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Co-Owner Agreement.

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of

3 All cross-references to the Act to be conformed to the final version of the legislation.

Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to it in the Act;

"**Investment Interest**" has the meaning ascribed to it in the Act;

"**Issuer**" means ■, a **[trust/corporation] [formed/incorporated]** under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interests acquired by the Issuer which shall be combined and be one Investment Interest for the purposes of this Agreement and the Act from and after their acquisition by the Issuer.

["Issuer Trustee" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;][4]

"**Issuer Share**" means:

(a) At any time before the Co-Owner Implementation Date, 100%; and

(b) At any on or after the Co-Owner Implementation Date, the percentage determined in accordance with the Co-Owner Agreement.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

4 Include if financing entity is a trust.

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Report**" has the meaning ascribed thereto in Section 3.3(e);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture, and delivered to the Indenture Trustee;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Outstanding Amount**" means the aggregate principal amount of all Funding Obligations outstanding at the date of determination;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" means the Indenture, each Supplemental Indenture, **[the Declaration of Trust]**, the Financial Services Management Agreement, the Administrative Services Agreement, this Agreement, each Transfer Notice, any Co-Owner Agreements, the Provincial Support Agreement and any hedging agreements, credit enhancement agreements, loan agreements, subordinated loan agreements, security agreements and underwriting or agency agreements in effect at such time and all other documents and certificates delivered in connection therewith;

"**Provincial Support Agreement**" means the Provincial Support Agreement dated as of ■, 2017 between Her Majesty the Queen in Right of Ontario, as represented by the Minister, the Indenture Trustee and the Issuer;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(a);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Reference Period**" has the meaning ascribed to it in the Act;

"**Regulations**" means the regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Released Parties**" has the meaning ascribed thereto in Section 6.1(e);

"**Remittance Date**" means, in respect of each Billing Period, the **[3rd]**[5] Servicer Business Day following the last day of each Billing Period;

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Administrative Agent; (b) the Servicer, any authorized director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject);

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

"**Servicer**" means, initially, the Independent Electricity System Operator, as Servicer under this Agreement and, following the appointment of a Successor Servicer, means such Successor Servicer;

"**Servicer Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business;

"**Servicer CEA Collections**" has the meaning ascribed thereto in Section 3.2(a)(ii).

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to it in the Act.

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5 Based on the monthly payment cycle charts prepared by OPG.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed there in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to it in the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(a) of this Agreement; and

1.2 Sections and Headings[6]

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to

6 Torys to conform boilerplate provisions, as applicable, across all transaction documents.

any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

ARTICLE 2
TRANSFER OF REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer a Specified Portion of the Regulatory Asset

(a) The Transferor may, no more frequently than monthly and no later than the 10th Business Day of each calendar month, provide to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the specified portion of the Regulatory Asset that the Transferor desires to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of the specified portion of the Regulatory Asset that the Transferor proposes to Transfer to the Issuer, (iii) the Closing Date to effect such transfer which shall be the 10th Business Day following delivery of the Transfer Notice, or such other date as may be agreed upon by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(b) On or before the fifth Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the portion of the Regulatory Asset subject to the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement to Transfer the specified portion of the Regulatory Asset and pay the related Purchase Price.

(c) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice.

(d) Upon receipt by the Transferor of the payment referred to in Section 2.1(c):

(i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price and, as a consequence, the Regulatory Asset shall be adjusted accordingly; and

(ii) the corresponding Investment Interest shall immediately vest in the Issuer, free and clear of any adverse claim.

(e) Any Transfer of a specified portion of the Regulatory Asset by the Transferor pursuant to this Agreement shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Issuer, shall be treated as a true sale and not as a pledge of or secured transaction relating to the Transferor's right, title, and interest in, to, and under the specified portion of the Regulatory Asset. After giving effect to a Transfer contemplated hereby, the Transferor shall have no right, title or interest in, to or under the corresponding Investment Interest because (i) it has Transferred all of its right, title and interest in and to the Regulatory Asset, (ii) as provided in the Act, all right, title and interest to the corresponding Investment Interest shall be vested in the Issuer, (iii) as provided in the Act, such Transfer is perfected, vested, valid and binding as against the Transferor and all other persons who may have claims of any kind against the Transferor, regardless of whether the persons who have claims have received notice of the Transfer, and (iv) the property rights and interests acquired by the Issuer shall be free and clear of any Liens arising through the IESO.

2.2 Conditions Precedent to each Transfer of a Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the Transfer of the initial Regulatory Asset shall be subject to the satisfaction or waiver by the Issuer and the Indenture Trustee of each of the following conditions:

(i) the Indenture (including any required Supplemental Indenture), **[the Declaration of Trust]**, the Financial Services Management Agreement, the Administrative Services Agreement and the Provincial Support Agreement shall have been entered into on terms and conditions satisfactory to the Issuer;

(ii) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO, dated the Closing Date certifying (1) **[NTD: may want to retain reference to bylaws which IESO does have]** that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the Program Agreements to which the IESO is party, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (2) as to the incumbency and true specimen signature of each of the IESO officers executing this Agreement or any of the Program Agreements to which the IESO is party; and

(B) reports showing the results of searches conducted against the IESO under applicable personal property security registers in the Province of Ontario together with executed copies of all discharges or releases of prior security interests relating to the Regulatory Asset subject to the Transfer; provided that the IESO may establish that any particular registration does not affect the Regulatory Asset by delivering a letter or acknowledgment signed by the applicable secured party.

(b) The obligation of the Issuer to pay the Purchase Price related to each subsequent Transfer of a specified portion of the Regulatory Asset shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not insolvent and will not have been made insolvent by such Transfer and the Transferor is not aware of any pending insolvency with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement has occurred and not been waived, and (C) no Servicer Default shall have occurred and not been waived;

(iv) on or prior to the applicable Closing Date, the Transferor shall have taken all action required to provide for the Transfer, upon payment of the Purchase Price, of the portion of the Regulatory Asset set forth in the applicable Transfer Notice;

(v) the Transferor shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii), (iii) and (iv);

(vi) as of the as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, and (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived;

(vii) after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, of equal to or greater than zero; and

(viii) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of portions of the Regulatory Asset, from time to time, shall be made on the basis that the Issuer Investment Interest shall be fully serviced by the Servicer, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled to receive any further compensation from the Issuer or the Indenture Trustee for its services in connection therewith. The Servicer acknowledges the responsibility of the Servicer for servicing the Issuer Investment Interest corresponding to the Regulatory Asset Transferred by the Transferor under this Agreement and hereby agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Duties of Servicer Generally

(a) The Servicer shall:

(i) **[NTD: have left this as is, but will want to revisit after discussion on settlement issues with Jeannette/Anthony and in particular to what extent the IESO wants to integrate the CEA process with its existing settlement processes]**[issuing settlement statements to Electricity Vendors that include amounts in respect of the Clean Energy Adjustment][**NTD: the Clean Energy Adjustment payable in a month by all specified consumers is determined by the Financial Services Manager (Act, s. 15(1)). The Financial Services Manager advises the Board (Act, s. 15(3)) and the Board determines a rate to be paid by specified consumers (Act, s 15(4). Does the Servicer advise the Electricity Vendors of that rate? With respect to a "settlement statement" we note that s. 16(1) of the Act refers to Electricity Vendors paying the IESO in accordance with the market rules or the regulations. We would like the regulations to provide that settlement between the IESO and the Electricity Vendors is separate from the market rules settlements to avoid set-off issues.]**;

(ii) receive from Electricity Vendors amounts paid by the Electricity Vendors in respect of Electricity Vendor CEA Collections, including payments made directly to the IESO as an Electricity Vendor (such amounts received being "**Servicer CEA Collections**");

(iii) holding and remitting Servicer CEA Collections in accordance with Section 3.3;

(iv) receiving information from Electricity Vendors in respect of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections;

(v) forecasting electricity demand by Specified Consumers for Reference Periods; **[NTD: may want to delete this as well; IESO will be doing but is part of IESO's general role and is matter between IESO and OEB; in any event covered by (vi) below]**

(vi) providing information to the Board in respect of forecast electricity demand or any other information the Board may require from the Servicer to facilitate the Board's determination of the rates at which Specified Consumers are to be invoiced so as to enable full recovery of the Clean Energy Adjustment in any Reference Period; responding to reasonable inquiries by Electricity Vendors, the Board or any other Governmental Authority with respect to the Clean Energy Adjustment; **[NTD: again consider whether appropriate to put in this agreement]**

(vii) reporting to the Issuer on delinquencies regarding Servicer CEA Collections;

(viii) processing and depositing Servicer CEA Collections and making periodic remittances; and

(ix) furnishing periodic and current reports to the Issuer, the Board, the Indenture Trustee and the Rating Agencies, as may reasonably be required by the Issuer.

(b) The Servicer shall perform its duties and responsibilities relating to **[data acquisition, consumption and settlement statement calculation, settlement, collections, posting, payment processing and remittance]** exercising reasonable care and diligence and in material compliance with the applicable Requirements of Law, including the Act.

[NTD: Consider whether any services or information will be required from the IESO in order for OPG to set the Clean Energy Adjustment and calculate the true-up amount (beyond providing information regarding Clean Energy Adjustment collections and providing the annual forecast of energy consumption to the OEB when the Clean Energy Adjustment rate is being set).]

(c) Notwithstanding anything to the contrary in this Agreement, the duties of the Servicer set forth in this Agreement shall be qualified and limited in their entirety by the Act, the Regulations, all applicable laws and the rules and regulations promulgated thereunder as in effect at the time such duties are to be performed.

3.3 Remittances

(a) The Servicer shall establish and maintain an Eligible Deposit Account (the IESO **Segregated Account**") bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Investment Interest owners. If, at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall, within thirty (30) days, establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments to such new account and make all future deposits to such new account.

(b) The Servicer shall deposit all Servicer CEA Collections to the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Servicer Business Days of receipt by the Servicer and such Servicer CEA Collections shall remain in the IESO Segregated Account until remitted in accordance with Section 3.3(d),

(c) The IESO agrees and acknowledges that it holds all Servicer CEA Collections and any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and any other Investment Interest owners and that all such amounts will be remitted by the Servicer in accordance with this Section 3.3 without any surcharge, fee, offset, charge or other deduction. The IESO further agrees not to make any claim to reduce its obligation to remit all Servicer CEA Collections received by it in accordance with this Agreement.

(d) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Collections received by the Servicer during a Billing Period and any interest earned on amounts on deposit in the IESO Segregated Account shall be remitted by the Servicer to the Collection Account no later than the Remittance Date immediately following such Billing Period. Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Collections on deposit in the IESO Segregated Account and any interest earned on amounts on deposit in the IESO Segregated Account shall be remitted by the Servicer to the Collection Account on each Servicer Business Day. **[NTD: s. 16(4) of the Act requires that Servicer CEA Collections be remitted in accordance with the regulations. The final remittance provisions will need to match the regulations.]**

(e) On or before the **[2nd]** Servicer Business Day following the end of each Billing Period, the Servicer shall prepare and deliver to the Issuer **[and the Indenture Trustee]** a written report substantially in the form of Exhibit B (a "**Monthly Report**") setting out ■ **[NTD: Goldman will be sending across additional information about what they expect to see in the monthly report. We expect IESO will only be able to provide reporting on the Servicer CEA Collections and all other required reporting would be done by OPG as Financial Services Manager]**.

3.4 Reporting Functions

(a) Notification of Laws and Regulations. The Servicer shall promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or the occurrence of any other event or circumstance that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement.

(b) Other Information. Upon the reasonable request of the Issuer, the Servicer shall provide to the Issuer, any public financial information in respect of the Servicer, or any material information regarding the Regulatory Asset to the extent it is reasonably available to the Servicer, as may be reasonably necessary and permitted by law to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder. In addition, the Servicer shall provide the Financial Services Manager, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the Clean Energy Adjustment.

3.5 Binding Effect of Servicing Obligations

The obligations to continue to provide services and to receive and account for Servicer CEA Collections and related amounts will be binding upon the Servicer and any Permitted Successor so long as the Servicer CEA Collections have not been fully received and posted. Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1(a) shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.7 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, (iii) the Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from external counsel of the Servicer either (A) stating that, in the opinion of such counsel, all filings to be made by the Servicer, have been executed and filed and are in full force and effect that are necessary to fully preserve, perfect and maintain the priority of the interests of the Issuer and the Liens of the Indenture Trustee in the Investment Interest and reciting the details of such filings, or (B) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such interests, and (iv) the Servicer shall have given the Issuer, the Indenture Trustee and the Rating Agencies prior written notice of such transaction. When any Person (or more than one Person) acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.5, then, upon satisfaction of all of the other conditions of this Section 3.5, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.6 Limitation on Liability of Servicer and Others

(a) Neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for good faith errors in judgment in relation to any action taken or not taken pursuant to this Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, *prima facie* properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(b) The Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Investment Interest.

3.7 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.7, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer, the Indenture Trustee and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Indenture Trustee and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.8 Appointments

(a) Subject to Section 3.10(b), the Servicer may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder; provided, however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided, further, that the Servicer shall remain obligated and be liable under this Agreement for the servicing and administering of the Investment Interest in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Investment Interest. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and none of the Issuer, the Indenture Trustee, Specified

Creditors or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.9.

(b) The following matters shall be performed by the Electricity Vendors on behalf of the Investment Assets Owners in accordance with the Act and shall not be considered an "appointment" for purposes of Section 3.10(a): (i) invoicing Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) collection from Specified Consumers of payments in respect of such invoices and remittance of such payments to the Servicer; and (iii) reporting to the Servicer the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and such other information the IESO may reasonably request for the purposes of determining the IESO Deferral or such further information as may be required. The Servicer shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or in respect of the matters set out in this Section 3.8(b).

3.9 Effective Period and Termination

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement; (b) termination of all of the rights and obligations of the Servicer under Article 7; and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of a Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.10 Rebate Amounts

[NTD: provisions related to the funding of Rebate Amounts (amount by which actual non-principal Finance Amount for a period exceed the Clean Energy Adjustment for the period).]

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 4.3, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement, including, for greater certainty, acting as Servicer in accordance with this Agreement.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement), except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset, the servicing of corresponding Investment Interests, the Issuer or the repayment when due of the Funding Obligations.

(c) Power and Authority. The IESO has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full power and authority to own the Regulatory Asset and to Transfer such Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties.

(f) No Proceedings. There are no Proceedings or, to the IESO's knowledge, investigations pending or Proceedings threatened, before any Governmental Authority having jurisdiction over the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or

(c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under, or the validity or enforceability of, this Agreement or the Act.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information.

(i) At the date hereof and as of each applicable Closing Date, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Regulatory Asset is true and correct in all material respects and does not omit any material facts.

(ii) Each report and certificate delivered in connection with any filing made or information provided to the Board by the IESO in connection with the Act, including on behalf of the Issuer with respect to Clean Energy Adjustments, will constitute a representation and warranty by the IESO that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the IESO with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the IESO on the date such report or certificate is delivered).

(i) The Transfer. On the applicable Closing Date, the specified portion of the Regulatory Asset as set forth in the applicable Transfer Notice shall be validly Transferred to the Issuer and the IESO will retain no further right, title or interest in the corresponding Investment Interest and the Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Unless a Co-Owner Agreement has been entered into, no portion of the Regulatory Asset has been sold, transferred, assigned, pledged or otherwise conveyed by the IESO to any person other than the Issuer or the Indenture Trustee, and, to the IESO's knowledge (after due inquiry), no security agreement, financing statement or equivalent security or lien instrument listing the IESO as debtor covering all or a portion of the Regulatory Asset (or the corresponding Investment Interest upon the Transfer thereof) is on file or of record in any jurisdiction, except such as may have been filed or recorded in favour of the Issuer or the Indenture Trustee in connection with the Program Agreements.

(k) Title. The IESO is the sole owner of that portion of the Regulatory Asset that is to be Transferred to the Issuer on the applicable Closing Date, free and clear of all Liens.

(l) Tax Liens. After due inquiry, the IESO is not aware of any judgment or tax lien filing against the IESO.

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

   (i) is solvent and expects to remain solvent;

   (ii) reasonably believes that it will be able to pay its debts as they come due; and

   (iii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of an Investment Interest to the Issuer and the pledge thereof to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

4.3 Limitations on Representations and Warranties

Notwithstanding anything in this Agreement to the contrary, the IESO makes no representation or warranty that the Issuer's Share of Servicer CEA Collections will be sufficient to satisfy in full the Issuer's Funding Obligations.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

Subject to Section 6.2, so long as any Funding Obligations are outstanding, the IESO (a) will keep in full force and effect its existence and remain validly existing under the laws of the Province of Ontario, and (b) will obtain and preserve its qualifications to do business in each jurisdiction in which such qualification is or will be necessary to protect the validity and enforceability of this Agreement and each other instrument or agreement to which the IESO is a party necessary for the proper administration of this Agreement and the transactions contemplated hereby.

5.2 No Liens

Except for (a) the Transfers under this Agreement to the Issuer or any Lien for the benefit of the Specified Creditors or the Indenture Trustee, and (b) after the Co-Owner Implementation Date, Transfers to other Investment Interest owners and Liens granted in connection therewith to Persons advancing Funding Obligations to such other Investment Interest owners, the IESO will not sell, pledge, assign or transfer to any other person, or grant, create, incur, assume or suffer to exist any Lien on, any portion of a Regulatory Asset, whether existing as of the applicable Closing Date or thereafter created, or any interest therein. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, and will defend the right, title and interest of the Issuer and of the Indenture Trustee, on behalf of the Specified Creditors, in, to and under the Issuer Investment Interest against all claims of third parties claiming through or under the Transferor.

5.3 Notice of Liens

The IESO shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on any portion of the Regulatory Asset, other than the Transfers hereunder and any Lien pursuant to the Program Agreements.

5.4 Compliance with Law

The IESO will comply with all laws, treaties, rules, regulations and determinations of any Governmental Authority applicable to it, and binding upon, the IESO or relating to the Regulatory Asset, the Investment Asset or Investment Interests, except to the extent that failure to so comply would not materially adversely affect the Issuer's, the Indenture Trustee's or the Specified Creditors' interests in the Issuer Investment Interest under any of the Program Agreements, the value of the Issuer Investment Interest, the timing or amount of Clean Energy Adjustments payable by Specified Consumers or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) The IESO shall not at any time become a holder of Issuer Funding Obligations.

(b) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(c) The IESO agrees that upon completion of a Transfer, the IESO shall reduce the balance in the Fair Hydro Variance Account by the Purchase Price and will adjust the Regulatory Asset accordingly.

(d) (i) in all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the portion of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement, and (iv) the IESO shall not sell any portion of its Regulatory Asset pursuant to the Act to any other Person unless a Co-Owner Agreement has been entered into and the Rating Agency Condition has been satisfied with respect thereto.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year after the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide all information regarding the IESO, the Regulatory Asset or the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents and represents that all such information is, at the respective dates of delivery to the Issuer, true and correct, contains no misrepresentation and constitutes full, true and plain disclosure of all material facts relating to the IESO Disclosure.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may be reasonably necessary to carry out the provisions and purposes of this Agreement.

5.9 Co-Owner Agreement

The IESO shall not continue as or become a party to any (i) purchase and sale agreement or similar arrangement (other than this Agreement) under which it sells all or any portion of the Regulatory Asset unless the Indenture Trustee, the Transferor and the other parties to such additional arrangement shall have entered into the Co-Owner Agreement in connection therewith and unless the purchaser under such arrangement is a "financing entity" as defined in the Act. No Co-Owner Agreement shall be entered into without satisfaction of the Rating Agency Condition.

5.10 Access to Certain Records and Information Regarding Investment Interest

The IESO shall, on reasonable terms, provide to the Issuer, the Indenture Trustee and Specified Creditors access to all records relating to Investment Asset including, without limitation, the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Collections, as is reasonably required for the Issuer and the Indenture Trustee to perform their obligations under the Indenture and the other Program Agreements and to confirm compliance by the IESO with its obligation under this Agreement and any other Program Agreements to which the IESO is party. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.11 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.11. **[NTD: reference to s 5.11 is wrong]**

ARTICLE 6

SERVICER DEFAULT

6.1 Servicer Default

If any one or more of the following events (a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account on behalf of the Issuer any required remittance that shall continue unremedied for a period of **[two]** Business Days after written notice of such failure is received by the Servicer from the Issuer (with a copy to the Indenture Trustee) or the Indenture Trustee;

(b) any failure on the part of the Servicer to duly to observe or to perform in any material respect any covenants or agreements of the Servicer set forth in this Agreement (other than as provided in Section 7.1(a)) or any other Program Agreement to which it is a party, which failure shall (i) materially and adversely affect the rights of the Specified Creditors, and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer (with a copy to the Indenture Trustee) or to the Servicer or the IESO, as the case may be, by the Indenture Trustee, or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement or any other Program Agreement or any certificate, report or other document delivered hereunder or thereunder shall prove to have been incorrect when made, which has a material adverse effect on the Issuer, the Indenture Trustee or any other Specified Creditor and which material adverse effect continues unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs. [**NTD: If there are Investment Interest owners in addition to the Issuer, the Servicer will effectively be acting as Servicer under two different sale agreements that both relate to the same asset, the Investment Asset. There can only be one Servicer. In circumstances where there are multiple Investment Interest owners, the Co-Owner Agreement will have to co-ordinate the replacement of the Servicer across all Investment Interest owners.**]

then, and in each and every case, the Indenture Trustee shall, upon the instruction of the Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Specified Creditors) (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), the Specified Creditors and the Indenture Trustee (or any of their representatives) shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Investment Interest. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and the Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

6.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may, and at the written direction and with the consent of the Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations shall, but subject to the provisions of the Co-Owner Agreement, appoint a Successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer and the Indenture Trustee and provide prompt written notice of such assumption to the Issuer and the Rating Agencies. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Indenture Trustee may, at the direction of Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations, petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Indenture Trustee be liable for its appointment of a Successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.2(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in **[Section 8.02]** of the Indenture.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

(c) Any Successor Servicer that is not a Permitted Successor of the IESO shall be entitled to such compensation for its services as may be agreed to between the Issuer and such Successor Servicer, with such fees to be payable from the Collection Account as provided in **[Section 8.02]** of the Indenture.

6.3 Waiver of Past Defaults

The Indenture Trustee, with the written consent of Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution of any such waiver, the Servicer shall furnish copies of such waiver to each of the Rating Agencies.

6.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agencies, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

6.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 7
MISCELLANEOUS

7.1 Amendment

This Agreement may only be amended by instrument in writing signed by the IESO and the Issuer.

7.2 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
[Address]

Attention: ■
Email: ■

(b) in the case of the Issuer:

[Financing Entity]
c/o Ontario Power Generation Inc.
as Administrative Agent
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

(c) in the case of the Indenture Trustee:

■
[Address]

Attention: ■
Email: ■

(d) in the case of **[Rating Agency]**:

■
[Address]

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent.

7.3 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

7.4 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO, the Issuer and, to the extent provided herein or in the other Program Agreements, the Indenture Trustee (for its own benefit and for the benefit of the Specified Creditors) and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

7.5 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.6 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

7.7 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

7.8 Assignment to Indenture Trustee

The IESO hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors of all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. In no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section **[8.02]** of the Indenture.

7.9 Limitation of Liability of Indenture Trustee

It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee on behalf of the Specified Creditors, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

7.10 [Limitation of Liability of the Issuer Trustee][7]

(a) **[It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.**

(b) **The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the, Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.**

(c) **The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be**

7 Include only if Financing Entity is a trust.

subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.]

7.11 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver delivered by the Issuer shall be effective unless the Indenture Trustee has given its prior written consent thereto. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

7.12 Indenture Trustee Actions

In acting hereunder, the Indenture Trustee shall have the rights, protections and immunities granted to it under the Indenture.

7.13 [Issuer Trustee][8]

[In acting hereunder, the Issuer Trustee shall have the rights, protections and immunities granted to it under the Declaration of Trust.]

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

8 Include only if Financing Entity is a trust.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

[FINANCING ENTITY], by its Administrative Agent, **ONTARIO POWER GENERATION INC.**

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

■,
as Indenture Trustee

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc.,
as Administrative Agent
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a **[trust/corporation] [formed/incorporated]** under the laws of the Province of Ontario (the "**Issuer**"), and 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, and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). 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 desire to transfer to the Issuer on the Closing Date set out below, on a fully serviced basis, the specified portion of the Regulatory Asset set out below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for the Transferor's Transfer to the Issuer of the specified portion of the Regulatory Asset set out below, on a fully serviced basis, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

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 Sale 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; and

(iii) 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 ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed.

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Administrative Agent, **ONTARIO POWER GENERATION INC.**

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR as Transferor

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

See Attached

MONTHLY REPORT

[NTD: Form of Certificate and placeholder only. To be confirmed once Goldman provides information.]

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a **[trust/corporation] [formed/incorporated]** under the laws of the Province of Ontario (the "**Issuer**"), and 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, and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). Capitalized terms used but not defined in this Monthly Report have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.3 of the Master Transfer and Servicing Agreement the Servicer hereby certifies in respect of the Billing Period corresponding to the calendar month of ●, ●. as follows:

	Item	**Amount**
(A)	Servicer CEA Collections:	$■
(B)	Balance of Collection Account:	$■

[NTD: Any additional information considered necessary for OPG/IESO to be included.]

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Servicer

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title: