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April 20, 2018

BNY Trust Company of Canada, in its capacity as Indenture Trustee for the Specified Creditors from time to time
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Fair Hydro Trust, as Issuer
c/o Computershare Trust Company of Canada
100 University Avenue
11th Floor
Toronto, Ontario M5J 2Y1

Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario M5G 1X6

Computershare Trust Company of Canada, as Issuer Trustee
100 University Avenue
11th Floor
Toronto, Ontario M5J 2Y1

Moody's Investors Service Inc.
70 York St
Toronto, Ontario M5J 1S9

DBRS Limited
DBRS Tower
181 University Avenue, Suite 700
Toronto, Ontario M5H 3M7 Canada

Dear Sirs:

We have acted as counsel for Independent Electricity System Operator (the "**IESO**") in connection with a Master Transfer and Services Agreement dated December 21, 2017 (the "**Master Agreement**") entered into between the IESO and Fair Hydro Trust (the "**Trust**").

The opinions expressed herein relate only to the laws of the Province of Ontario (the "**Province**") and the federal laws of Canada applicable therein in effect on the date hereof, and no opinions are expressed as to the laws of any other jurisdiction.

Interpretation

Terms with initial capital letters in this opinion have the meanings given to them in the Master Agreement unless otherwise defined herein. Terms both underlined and in italics have the meanings given to them in the *Ontario Fair Hydro Plan Act* (the "**Act**").

Documents

As such counsel, we have examined an executed copy of a Transfer Notice dated April 11, 2018 executed by the IESO and accepted by the Trust (the "**Transfer Notice**") and an Officer's Certificate dated April 20, 2018. We have previously opined with respect to the Master Agreement in an opinion dated December 21, 2017 (the "**Prior Opinion**"); to the extent relevant, the assumptions and qualifications in relation to the Master Agreement contained in our Prior Opinion are incorporated herein by reference.

Assumptions

For the purposes of the opinions expressed herein, we have assumed:

(a) the genuineness of all signatures of all parties and the legal capacity of all individuals signing any documents;

(b) the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified or photostatic or electronically transmitted copies or facsimiles thereof and the authenticity of the originals of such certified, photostatic or electronically transmitted copies or facsimiles;

(c) that each of the parties, other than the IESO, to the Transfer Notice has all requisite capacity, power and authority to execute and deliver the Transfer Notice and to perform its obligations thereunder, and has taken all necessary action to authorize the execution and delivery of the Transfer Notice;

(d) the Trust has all requisite capacity, power and authority to acquire and hold an *investment asset*;

(e) that each of the parties to the Transfer Notice, other than the IESO, has duly executed and delivered the Transfer Notice;

(f) that the Transfer Notice is a legal, valid and binding obligation of each of the parties thereto, other than the IESO, enforceable against each such party by each other party thereto, in accordance with its terms;

(g) there is no agreement, waiver, course of dealing or other facts or circumstances since the date of execution of the Master Agreement that had or may have had the effect of modifying or limiting the enforceability of the Master Agreement;

(h) that, as at the date of the Transfer specified in the Transfer Notice, all of the conditions precedent to a "Transfer" under the Master Agreement have been satisfied or waived;

(i) that the Trust is a *financing entity*;

(j) that the Act and the regulations thereunder (the "**Regulations**", and together with the Act, the "**Fair Hydro Legislation**") are constitutional, have been duly enacted and are in full force and effect and in the event of any conflict or inconsistency between the Fair Hydro Legislation and any other legislation, guidelines or rules, such inconsistency will be resolved in favour of the Fair Hydro Legislation;

(k) the IESO has received payment by the Trust pursuant to the Transfer Notice of an amount equal to the portion of the *regulatory asset* set out in the Transfer Notice;

(l) the value of the portion of the *regulatory asset* set out in the Transfer Notice is not greater than the consideration received for it by the IESO.

For greater certainty, a specific assumption, limitation or qualification in this opinion is not to be interpreted to restrict the generality of an assumption, limitation or qualification expressed in general terms that include the subject matter of the specific assumption, limitation or qualification.

Opinions

Based on and subject to the foregoing and the assumptions and qualifications set out at the end of this opinion, we are of the opinion that:

1. The IESO is a corporation without share capital continued under Part II of the *Electricity Act*.

2. The IESO has the necessary corporate power and authority to execute and deliver the Transfer Notice and to perform its obligations thereunder.

3. All necessary corporate action has been taken to authorize the execution and delivery of the Transfer Notice by the IESO and the performance of its obligations thereunder.

4. The Transfer Notice has been duly executed and delivered on behalf of the IESO.

5. The Master Agreement and the Transfer Notice each constitute a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms.

6. The execution and delivery by the IESO of the Transfer Notice and the performance by the IESO of its obligations thereunder do not and will not violate or result in a breach of any statute or regulation of the Province or of Canada that is applicable therein.

7. The execution and delivery by the IESO of the Transfer Notice and the performance of its obligations thereunder do not require the IESO to obtain any consent, authorization or approval of any governmental authority or any court or tribunal, in the Province, or to make any filing or provide any notice to any such entity, other than such consents and approvals as have been obtained or filings or notices that have been made, in each case copies of which have been provided to you.

8. Section 26(3) of the Act provides that upon receipt by the IESO of payment by the Trust pursuant to the Transfer Notice of an amount equal to the portion of the IESO's *regulatory asset* set out in the Transfer Notice, (a) the balance in the *variance account* shall be reduced by the amount of the payment; (b) the *regulatory asset* shall be adjusted accordingly; (c) the Trust shall acquire a corresponding *investment interest*; and (d) the IESO shall retain no further right, title or interest in the corresponding *investment interest*.

9. Section 27(1) of the Act provides that a *transfer* in favour of the Trust of a specified portion of a *regulatory asset* under Section 26 of the Act constitutes a "valid and enforceable absolute assignment, conveyance and sale by the IESO to the Trust of the corresponding *investment interest*". Pursuant to Section 27(3) and (4) of the Act such *transfer* "shall be deemed to have been and shall be perfected, vested, valid and binding as against the IESO", regardless of whether such persons having claims "have received notice of the transfer, and the property rights and interests acquired by the Trust in the corresponding investment interest shall have priority over any liens in favour of those persons".

Assumptions, Limitations and Qualifications

The foregoing opinions are subject to the following assumptions, limitations and qualifications:

(a) enforceability of the rights and remedies provided in the Transfer Notice may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent preference and conveyance, transfer at undervalue, assignment and preference and other similar laws of general application relating to or affecting creditors' rights;

(b) the availability of equitable remedies, including, without limitation, the remedies of specific performance and injunctive relief, may only be granted in the discretion of a court of competent jurisdiction;

(c) the awarding of costs of or incidental to proceedings authorized to be taken in court or before a judge are in the discretion of the court or judge and the court or judge has the full power to determine by whom and to what extent such costs shall be paid;

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(d) enforcement may be limited to the extent that a court construes any provision of the Transfer Notice to constitute a penalty or forfeiture;

(e) the records or a certificate, determination, notification or opinion of a party to the Transfer Notice as to any matter provided for in the Transfer Notice may be held by a court not to be conclusive if it can be shown to have an unreasonable or arbitrary basis or in the event of manifest error;

(f) a court may give effect to waivers or amendments notwithstanding that they are not in writing and executed by the parties;

(g) we express no opinion as to the title of the IESO to any property;

(h) no opinion is expressed as to compliance with the *Personal Information Protection and Electronic Documents Act* (Canada) or any other privacy laws; and

(i) the enforceability of the Agreements is subject to the limitations contained in the *Limitations Act, 2002* (Ontario).

This opinion is given in connection with the transactions contemplated by the Agreements, for the benefit of the addressees, and is not to be relied upon for any other purposes or by any other party (except the permitted assigns of the addressees), nor is it to be quoted from or made public in any way, without our prior written consent.

Yours truly,

STIKEMAN, ELLIOTT LLP