3.15 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit ~~in an amount equal to $?~~, or such other form of security as may be acceptable to the Issuer including by means of a performance guarantee that satisfies the Rating Agency Condition, as security for any failure of Electricity Vendors which are either not rated or are rated less than investment grade to remit their Electricity Vendor CEA Collections.

The security would be subject to the Rating Agency Condition and would be calculated in accordance with the following formula which would be re-calculated on an annual basis effective each July 1 and subject to a maximum value of [$~~85~~100] million:

((A / B) x C x D / 365 x E) where A, B, C, D and E are as follows

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregated amount of energy consumed by Electricity Vendor's Specified Consumers where the Electricity Vendor does not have a long term rating equal to or above Moody's Baa3 or DBRS's BBB(low) or an equivalent rating.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregated amount of energy consumed by all Electricity Vendors' Specified Consumers.

C = the most recent ~~aggregated~~ CEA amount available for the future 12 month period closest to the period ending July 1, as calculated by the Financial Services Manager and provided to the Ontario Energy Board.

D = ~~[~~45 ~~]~~, which is an estimated number of days that total CEA amounts are generally expected to be held by Electricity Vendors, or another value as mutually agreed to in writing by the Issuer and the Servicer;

E = is a percentage rate representing the aggregated expected general risk of default within the next 12 months for the total Electricity Vendors' population identified in A. The Issuer and the Servicer will mutually agree on the percentage rate utilized for each 12 month period ~~with a maximum percentage rate of no more than [25%]~~.

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