

Private & Confidential

Ms. Kimberly Marshall
VP, Corporate Services & CFO
Independent Electricity System Operator

120 Adelaide Street West Suite 1600
Toronto, ON
M5H 1T1

May 16, 2017

Dear Madam:

In connection with our letter to the Independent Electricity System Operator (the "Company"), dated May 16, 2017, regarding our draft accounting opinion (the "Document") on the application of Public Sector Accounting Standards to the consolidation of a trust and to the recognition and derecognition of a variance account in relation to the Bill 132, *Ontario Fair Hydro Plan, 2017* (the "Bill 132") (the "Document"), that was prepared pursuant to the terms of the engagement letter dated April 27, 2017, (the "Engagement Letter") the Company, in order to assist the Financial Accountability Office of Ontario (the "Recipient") with the understanding of the accounting impact of the Bill 132 on the Company, has requested that we:

- 1 Allow the Recipient access to a copy of the Document;
- 2 Answer questions, in our sole discretion, related to the Document; and
- 3 Answer questions, in our sole discretion, related to other accounting matters related to the Bill 132 involving the Company of which we have knowledge.

We are prepared to agree to the Company providing a copy of the Document to the Ministry of Energy and the Recipient and to answer the questions from the Recipient and its advisors subject to your agreement to the terms of this letter. Further to our past discussions over the past few weeks, KPMG also acknowledges and agrees that the Ministry of Energy or the Company may make the Document public, provided that the entirety of the Document is made public.

The Company confirms and agrees that the provisions of the Engagement Letter, including Section 11 (Limitation of Liability) in the Terms and Conditions for Advisory and Tax Services attached to and forming part of the Engagement Letter, applies to the provision of the Document or any other information, explanation or disclosure made by KPMG relating to the Company (hereinafter all collectively referred to as the "Information") to the Recipient or the Ministry of Energy if any such disclosure results in any action against the Company or if any party or their advisors involved at the meeting misuse any confidential information obtained through the Information. JNTD: Section 11 of the Engagement Letter already limits KPMG's liability and provides an indemnity. The purpose of this letter is to confirm that the disclosure of the Document and attendance at the FAO meeting will be covered by the current

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Engagement Letter. It is unnecessary in our view to seek to negotiate a new and separate indemnity at this late stage.]

will accept the risk, and not hold KPMG responsible, if providing the Document or any other information, explanation or disclosure made by KPMG relating to the Company (hereinafter all collectively referred to as the "Information") to the Recipient results in any action against the Company or if any party or their advisers involved at the meeting misuse any confidential information obtained through the Information.

You also agree to indemnify and hold harmless our firm and our personnel from any claims, expenses, liabilities, damages, and costs (including legal fees) that arise out of or relate to our agreeing to the Company providing the Document to the Recipient or as a result of our attendance at the meeting with the Recipient in connection with the Bill 132 and our responses to questions asked at such meeting. In addition, in the event of a claim against KPMG, its partners or personnel, the Company will indemnify and hold harmless KPMG, its partners and personnel from all such claims, liabilities, damages, costs and expenses.

Please indicate your acceptance to the terms of this letter and to our providing the Information to the Recipient by signing and returning a copy of this letter to the undersigned.

Yours very truly,

Michel Picard
Partner
416) 777 -8414

We are in agreement with the terms of this letter and to the release of the Information.

Independent Electricity System Operator

by: _____
Signature: Date:

Name: Ms Kim Marshall
Title: VP, Corporate Services & CFO