DRAFT: March 28, 2017

[Letterhead of Ministry of Energy]

March [●], 2017

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

Attention: [●]

Dear Sirs / Mesdames:

Re: Ontario Fair Hydro Plan (the "**Fair Hydro Plan**")

We refer to our news release of March 2, 2017, in which the Province announced the Fair Hydro Plan to lower electricity bills by 25 per cent on average for all residential customers starting in the summer of 2017 as part of a significant system restructuring that will address long-standing policy challenges and ensure greater fairness. We also announced that residential customer bills would not increase by more than the rate of inflation for the four years following the 25 per cent average reduction. The 25 per cent average bill reduction includes the 8 per cent reduction resulting from the rebate of the provincial portion of the harmonized sales tax on electricity bills effective January 1, 2017.

The Province is requesting that Ontario Power Generation Inc. ("**OPG**") consider and propose rate mitigation and financing mechanisms that could achieve the reduction in consumer bills and the limitation on bill increases outlined in the Fair Hydro Plan.

The Province would like OPG to consider, among other things, structures and methods to refinance a portion of the global adjustment to reduce pressure on today's electricity ratepayers, with the cost of the refinancing recovered over a period of up to 30 years **[, a period corresponding to the typical useful life of the infrastructure that has been built]**. Please **[work with the Independent Electricity System Operator ("IESO") and financial and legal advisors to]** prepare a plan that can be implemented in an effective and cost efficient manner while ensuring that OPG's core business is appropriately ring fenced from this financing program.

We would expect the plan to include:

i) potential structures for the financing, which may include, as appropriate, a special purpose vehicle created for the financing;
ii) mechanisms for determining the amount of the deferral and/or the change in the Regulated Price Plan price for eligible consumers to effect the bill reduction;
iii) potential financing mechanisms and instruments, including senior debt and subordinated debt;
iv) identification of the capital markets and jurisdictions that can be accessed to finance the rate mitigation; and
v) **[recommended amendments to the electricity legislation and regulations to implement the refinancing]**.

Please also identify any amendments to OPG's governing legislation and constating documents needed to facilitate implementation of the plan in a commercial manner.

Please provide a detailed plan for our review and approval by **[•]**, 2017.

Yours truly,